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CZECHOSLOVAKIA

Resurgence of Slovak Nationalism Noted

90EC0314A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 14 Feb 90 p 33

[Article by Jacqueline Henard: "The Slovak Question Reemerges"]

[Text] Jan Budaj had always lived a contrary existence. At first, his character disturbed his studies. This is how he came to be in the advanced school of the Czechoslovak opposition: In the furnace room—in one of the few jobs which were open to recalcitrant noncommunists. Meanwhile, he has been dismissed and at 37 years of age he ascended to the leadership of the Slovak rebels. The uneducated ecologist—Jan Budaj—is considered to be the undisputed leading head in the Coordinating Committee of the "Public Against Violence," the Slovak counterpart of "Civic Forum." He handles power as if he had always had it. Currently, he is negotiating with the Hungarian Government for better treatment of the minorities.

Slovakia has a different population and different traditions than those which obtain in the western part of Czechoslovakia. Over 900 years as a province of Upper Hungary, its elite was compelled to turn to the Magyar way if it wished to be successful. As a legacy from that past, the fruitful land of Slovakia houses a good 600,000 Hungarians. The Ukrainian, Polish, and German minorities are smaller. The 5 million inhabitants of Slovakia, however, also include approximately 800,000 Romanians. It is calculated in Bratislava that by the year 2000 this population group, which has a strong birth rate, will increase to 1 million after the communist-initiated sterilization bonus is abolished. They, too, hope for a better future and are organizing as a political force.

Five or six groups of different ethnic origins and different languages live in the territory of Slovakia. This creates a particular political climate. Their interests are manifold and threaten to splinter the democratic movement. For example, Slovak Hungarians speak with two voices. The hitherto meek state cultural association—Csemadok—has transformed itself into a virtually chauvinistic organization since the time when a new, independent Hungary association came into being. "We do not know how the Hungarians stand with respect to us," says an individual from the Coordinating Committee of the "Public"—although he speaks Hungarian and despite the fact that his office adjoins that of the independent Hungarian association.

Centrifugal forces are growing in Slovakia. Prague is much too much the center point of Czechoslovakia for Bratislava not to feel discriminated against. Sensitivity in the east of the country is great; in Bratislava, the question as to whether the Czechoslovak state should, in future, have to be written as Czecho-Slovakia as proof of equal rights is being discussed with emotion. Recently,

the coordinating committee tried for five hours to persuade Foreign Minister Dienstbier that, for purposes of raising Slovakia's consciousness as a republic, he should permit at least every third state visit to begin in Bratislava. The fact that the Slovaks consider Calfa and Dubcek to be among the highest dignitaries is more apparent in Prague than it is in the Slovak capital.

The "Public" organization and the attached citizen initiatives are short of politicians. They can barely dispatch representatives to Prague and, at the same time, have them following up on changes occurring in their own country. The artists and scientists who helped carry the burden of the radical change which occurred at the turn of the year see themselves, finally, as being free to work in their learned professions. Many have already departed. Replacements are hard to find. "During the revolution, we made the mistake, as a result of uncertainty and fear of subversion of not broadening our base," admits publicist Eugen Gindl. Thus, many a person who, at that time, offered to cooperate, cannot be located today or has even given up in desperation.

It was difficult to staff the vacancies left by the Communists in the Slovak National Council and in other central bodies. The radical changes are moving very slowly, one hears in Bratislava, in the rural areas, and at subordinate locations. The "Public" organization can only recommend to citizens from the provinces who are seeking advice that they should staff decisive positions from the standpoint of competence, confidence, and authority. And so, many Slovak wrynecks are participating in the struggle for the municipal political feed troughs.

Slovak society experienced the period after the invasion in a different way from the citizens of Prague. During that springtime, which played in the West, the Slovaks were primarily interested in the federalization of the republic. This was established, so to speak, after the fact, by the constitutional reform of 1969. In the years which followed, the Slovaks Husak and Bilak saw to a well-being balance in favor of their homeland from the epicenter of the Communist Party. Free-thinking intellectuals here were less radical than those in Prague. In traditional and more unintellectual Slovakia, they benefited extensively from the privilege of fools. The dissolution of the old regime was, therefore, being prepared on a broader, but also more profuse basis. For example, the official environmental association served as a collection basin for the "Greens." Prognosticator Fedor Gal organized subversive "dynamic study" covering the future prospects of Slovakia—the "dynamics" consisted of organizing 500 scientists from the official structures. The knowledge produced was not intended to land in a central committee drawer as a volume of reports.

The "Public" organization has an astounding number of people with all-European viewpoints and a wide horizon although most of them, such as Gal, have thus far never left the country in a westerly direction; in addition to Gal, there is the sociologist Martin Butora or literary

scientist Peter Zajac. They give the new political organization its direction. The mindset is primarily democratic. Other attributes do not (yet) play a role in this circle. Even the declared leftists place their hopes in the Christian Democratic Party, "which must and will set the moral renewal of society in motion." The affairs of the Christian Democrats are currently handled by Ivan Carnogursky, the younger brother of the long-time Catholic activist and now deputy premier Jan Carnogursky.

In terms of favor with the electorate, the "Public" organization, based on an internal inquiry, enjoys around 30 percent of the votes. (The other six or seven parties worthy of mention are assigned values between six and nine percent.) The "Public" organization does not wish to become a political party. In the opinion of Gal, the organization should withdraw as quickly as possible from the economy—all enterprises currently have "Public centers." Its role can and should be taken over by the independent trade unions. However, in the opinion of its leadership, the organization must continue to be a presence for some time to come in politics and create new hierarchical structures.

What is involved is keeping Slovak separatism in check. The "Public" organization has proof that exiled Slovaks have infiltrated some \$6 million last week in support of separatist movements in the country. Among the emigres, the parties from fascist times have stayed alive. Through their emissaries, money and old thinking flows into the country. Slovak nationalism is growing. Although, as essayist Milan Simecka says, it is, as yet, less than it was in 1968 and less than he had feared. Nevertheless, in the suburbs, spray-painted slogans calling for "Slovakia for Slovaks!" can be seen here and there.

On the occasion of the first large reunion between Austrians and Slovaks—a mass walk across the freshly cut barbed wire during which Hainburg was designated as the meeting point, an astonishingly large number of Slovaks did not carry the red-white-and-blue flag of Czechoslovakia, but rather the flag of the semifree fascist Republic of Slovakia, a state permitted to exist by the grace of Hitler. Thus far, this means primarily that the Slovaks in Europe want to be taken seriously as Slovaks.

HUNGARY

FIDESZ Distances Itself From SZDSZ

25000674F Budapest HETI VILAGGAZDASAG in Hungarian 3 Mar 90 pp 72-73

[Interview with Viktor Orban, FIDESZ board member and leader of the national slate of candidates, by Ibolya Jakus, place and date not given: "Not the Youth Organization of the SZDSZ"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] The Association of Young Democrats [FIDESZ] agreed to play the role of the "battering ram" when,

following its establishment, it represented a number of then seemingly "radical" positions on matters previously considered to be taboos, for example, when FIDESZ was first to demand the removal of Soviet troops, when it initiated the recall of representatives, and when its members "apologized" to Prague demonstrators for the 1968 invasion. At present, FIDESZ is one of those parties that have been able to establish a slate of candidates in every county. What do they promise to voters, and what would they do if they were seated in Parliament and the government? These were among the questions we asked Viktor Orban (age 27), a member of the FIDESZ board of directors and the leader of the FIDESZ national slate of candidates.

[HETI VILAGGAZDASAG (HVG)] In FIDESZ' view opposition parties must distinguish themselves not only from the Communists, but also from each other. You are talking about opposition parties, but it seems as if you wanted to "separate" yourself from the Alliance of Free Democrats [SZDSZ] only. And this is in light of the fact that according to all signs there has been complete agreement between the two organizations thus far, with regard to the trilateral negotiations, the popular referendum, and the Interior Ministry scandal.

[Orban] Indeed, thus far events have evolved in such a way that FIDESZ and the SZDSZ are automatically considered to be wearing the same hat. This has happened in the course of the political conciliation talks because a pact between the Hungarian Democratic Forum [MDF] and the Communists had to be prevented or invalidated, and we were together for similar reasons in preparing the popular referendum and making it a success. This cooperation had its basis in similar political convictions and in the identical interpretation of specific issues. By now, however, the "common past" is beginning to have adverse effects on us, and not just the public and other parties, but FIDESZ members themselves believe that FIDESZ is the SZDSZ youth organization. FIDESZ members interpret this—by now in masses—as a critique of their leadership. This semblance is also supported by the fact that, singularly among the larger parties, the SZDSZ does not have its own youth organization. The way I see it there are two views of FIDESZ within the SZDSZ. The view that is unfavorable from our standpoint is that FIDESZ is good only for rearing future SZDSZ members, and our newspaper, the HUNGARIAN ORANGE, is good for rearing future writers for BESZELO. We clearly object to this view, and we would like to declare unequivocally that we are an organization which pursues independent political action, one that has its own program and group of experts. We are not the SZDSZ' youth organization. This does not change the fact that we continue to regard the SZDSZ as the organization closest to us, but in the elections we are political opponents of the SZDSZ, just like any other party.

[HVG] As a spectacular symbol of this view you systematically nominated candidates against each other. In individual voting districts we almost exclusively find

"strong" FIDESZ candidates running against "strong" SZDSZ candidates, or we find that the competing candidates of both organizations are unknown persons.

[Orban] We are trying to negotiate, but an agreement has failed, and from our standpoint this may result in our being squeezed out of Parliament. In our view, between three and four percent of the voters are "shaky"; they sympathize with both organizations, but when it comes to a choice between the two candidates they may easily vote for the SZDSZ, as a result of a presumed "seriousness." It seems that representatives of the above-mentioned view within the SZDSZ would place a greater value on seeing three or four percent of the vote in the form of SZDSZ representatives, than a potential ally in Parliament in the form of a FIDESZ faction holding on to between five and eight percent of the vote.

[HVG] You are making a great effort to delimit yourself from other organizations. Previously you did not need to do so. You succeeded in acquiring a peculiar status; to mention just a few examples: You were first to demand removal of the Soviet troops from Hungary, and you initiated the recall of representatives who disregarded the views of the electorate. Could you perhaps have run out of actions that establish an individual trait?

[Orban] I would rather say that the rest of the organizations "caught up" with us. A year ago not a single opposition party regarded the removal of Soviet troops or quitting the Warsaw Pact as a realistic proposal. Now these ideas are included in every party platform. The difference that remained is this: We hold the view that a popular referendum must be held in regard to our Warsaw Pact membership, and that we must negotiate our quitting the Warsaw Pact, armed with a "judgment" of this kind. Although laws in effect today do not enable a popular referendum to render decisions in regard to international agreements, it will be our first order of business to fight for such a change if we acquire seats in Parliament.

[HVG] Accordingly, FIDESZ continues to stress its character as a party of action. Voters, however, are likely to be interested in clear-cut party programs.

[Orban] Although our program did not receive appropriate publicity in those days, FIDESZ was first to present a detailed economic policy program based on breaking the inflationary trend. The essential features of this program are the same as programs developed by other organizations recently.

[HVG] Having been first will have been in vain, if in the end your program is similar to those of other parties. That is, voters are divided on the basis of differences. Who may vote for FIDESZ at all; which strata would benefit from your program?

[Orban] In my view, voters will not be divided along the lines of who benefits from a given program. Incidentally, party programs do not address the issue of which strata will be favored. They address the fact that there is

economic bankruptcy from which we must recover. The number one condition for resolving the economic crisis is to start economic growth, meaning the start-up of ventures and the increase of our value-producing capacity. And it is important, of course, that the organizations involved be private enterprises. Of course economic growth has some natural returns, which places certain strata, such as entrepreneurs and those capable of making flexible changes, at an advantage, and it also exerts effects—such as reduced inflation—which are advantageous for all strata.

[HVG] But other effects are disadvantageous. The FIDESZ economic program is virtually ostentatious about the fact that it accepts large-scale unemployment that accompanies structural transformation.

[Orban] I would rather say that we agree to accept the obvious conflicts. We object to certain party programs precisely because they accept the idea that the reduction of budgetary expenditures is the most important element of curbing inflation, and that the first step in this direction is the liquidation of non-competitive enterprises. At the same time, however, they do not acknowledge the fact that such measures are accompanied by unemployment. But, at least temporarily, the two are inseparable. It is yet another question that FIDESZ has developed an assistance concept. The essence of that concept is that only half of an unemployment assistance payment would be awarded automatically; payment of the other half would be tied to participation in retraining and educational programs to be organized by the state and the enterprises. Accordingly, we would like to enhance the possibility of moving out of a disadvantaged situation, instead of prolonging need.

[HVG] A general fear exists in regard to inflation and unemployment. A month before the elections a citizen could justly expect a party to state the size of inflation and unemployment that may be expected this year in the view of that party.

[Orban] This question cannot be answered, and I am stunned by how light-headed those who dare to mention figures are. Only the ruling party may possess such data. The serious opposition parties, and thus also FIDESZ, have election programs which chart economic policy directions and strategies. The question is how government programs can be developed out of the various election programs. In my judgment, this could easily be accomplished based on most chapters of the FIDESZ program, e.g. education, pension system, and foreign policy. I am convinced, however, that one cannot formulate governmental economic programs based on specific figures contained in opposition party positions, because they lack the basic information which enables them to present such figures. According to our experts' assumptions today's Hungarian economic situation is far worse than the government acknowledges, and the opposition parties think. They will recognize the real situation once they are seated in Parliament. For this reason I believe that in the course of forming a government there

will be an absolute need for a "transfer" period of a yet unspecified duration, the results of which the government must publicize instantly. Aware of these, the government can, and will have to, declare that it will reduce inflation to X percent, adding that it will resign if it does not succeed in doing so.

[HVG] You mentioned the FIDESZ educational program among those which can be transformed easily into a government program. Since you are young, do you know more about this subject than others?

[Orban] In a somewhat simplified form I would respond by saying that we know what kind of system we want, and what resources we would use to establish that system. In regard to higher education, for instance, it is our primary goal to become part of the unified West European educational system to be established in 1992. The essence of this is that various countries would accept each other's degrees and that a few years of study in other countries' universities would be mandatory. To establish higher education's own resources, we recommend a financial policy arrangement by which persons who have completed their higher education would pay a given percentage of their income taxes to the institutions of higher education in which they completed their studies, rather than to the state coffers. The consequence of this would be that the better students an institution produces the better the students' jobs would be, meaning that they would return larger amounts of money to the institution.

[HVG] After the young, you received most of your nominating slips from pensioners. Do you have a program for them?

[Orban] In addition to our long-term concept, we have also prepared a short-term program for changing the pension system. The first step in this would be the discontinuation of special pensions, even if small pensions did not increase by a single forint as a result. We consider it intolerable that the pension benefits of some strata are determined by the pension fund at a 100-percent level, as compared to the 75 percent pursuant to the general rule. We are examining this issue pragmatically from a financial standpoint. We also believe that people are willing to tolerate the deterioration of their situations only if they experience some kind of social justice around them. Similarly we would instantly introduce the so-called degressive indexing. Small pensions would be fully adjusted to inflation as a result. The higher pensions would also be adjusted to inflation, but to increasingly smaller extents.

[HVG] The way it looks, no single program will suffice for post-election governance, regardless of the circumstance by which a program may have been developed. The situation will call for an agreement between several parties. Under what conditions would FIDESZ join into a coalition with other parties, if FIDESZ is seated in Parliament?

[Orban] Under no circumstances would we enter into a coalition with the Hungarian Socialist Party [MSZP] or the Hungarian Socialist Workers Party [MSZMP], and we would not participate in any coalition in which either of these parties participates. The chief criterion for our entering into a coalition would be a coincidence of the partner's program with the FIDESZ program, to the greatest extent possible, and that the coalition partners delegate people to the government who are credible from our standpoint, persons who have not changed their opinions frequently, one after another in the political struggle.

[HVG] Can there be a place for FIDESZ' radicalism in a government burdened by compromises?

[Orban] The present radicalism of FIDESZ represents the extent of its opposition to the existing system. In a government, however, radicalism must be interpreted to mean at what speed one would like to move the economy and the country into a situation deemed desirable. There is no doubt that in today's Hungary there is a need for deep-seated, rapid changes, and this is what we represent, meaning that in this sense we would also be radicals within the government.

[HVG] According to some new opinion poll results, only one percent of the voters would cast their votes for FIDESZ. What is your program in the event that FIDESZ does not acquire the four-percent vote required to be seated in Parliament?

[Orban] Well, this figure is ridiculous. Other assessments show that we are at the nine-percent level, and in our judgment we are among the country's four or five strongest parties. Our election goal is to receive more votes than the strongest communist successor party.

Special Committee Chairman on 'Duna-Gate' Investigation Results

90EC0291A Budapest NEPSZAVA in Hungarian
31 Jan 90 p 7

[Interview with police Major General Dr. Istvan Diczig, chairman, special committee to investigate the "Duna-Gate" affair, by Gyula Mezovari, place and date not given: "The Battle Raged Inside the Internal Security Service as Well"—first paragraph is NEPSZAVA introduction]

[Text] If we were in the mood—the way we were not before—we could ironically say that in January we were at last relieved of a security service that was hiding behind the constitution, and that once again we became richer by a scandal of European fame. The chiefs of the service and of state security resigned within days following the [Interior] Ministry's internal investigative report, and barely a week later the Minister of the Interior faced representatives [in Parliament] and reluctantly abandoned his velvet chair. Did the special committee appointed by the minister and charged to investigate the wire tapping scandal revealed by the

Association of Young Democrats [FIDESZ] and the Alliance of Free Democrats [SZDSZ] hinder or facilitate the enforcement of the "domino principle"? This is the question we asked police Major General Dr. Istvan Diczig.

[NEPSZAVA] When you handed over the results of your investigation—your recommendations and conclusions on the 10s of January—did you have a hunch that in the end you were inducing the retreat and request for retirement of your superiors?

[Diczig] Upon summarizing our findings, every member of the committee agreed that incriminating facts should prompt the resignation of the state security chief. We did not count on the political response which evolved around this case though. All we expected was that because of the way we suggested that this take place, the Council of Ministers would either dissolve this service, or would reorganize it at a radical speed in a manner consistent with the spirit of the constitution.

[NEPSZAVA] Did you not think that the minister would leave?

[Diczig] I am convinced that the minister was not aware of the sources and methods that were used in preparing part of the several kinds of summary reports that were placed before him. It is paradoxical, but I suspect this to be the truth: Interior Minister Istvan Horvath was forced to resign as a result of a criminal act whose prevention could have been accomplished only by measures established after his resignation. In the old political system the company was not controlled continuously by anyone, the interior minister exercised oversight only periodically. In the final analysis, however, as the professional director of the ministry, he is responsible for what took place. In my view he was held accountable for neglect of official duties, for the operation of old reflexes, or for the intentional activities of one or another of his subordinates. We made a recommendation to the minister to the effect that he brief representatives of the parties involved, and that he express his regrets. This did not take place, even though it could have been expected.

[NEPSZAVA] What criteria did the former interior minister use to select you, the members of the special committee?

[Diczig] Certain persons had to be selected who were in no way linked to the state security service, and who never before worked within that apparatus. At the same time the persons selected had to be highly qualified in the field of law and in the profession, and had to be familiar with the rules and requirements that pertain to the service, both in its foundations and principles, meaning the rules and requirements related to operative surveillance. After all, the police and the state security operated under rules based on identical foundations, except for a difference in the subject of their respective areas of surveillance.

[NEPSZAVA] What provided a legal basis for the internal security activities objected to by FIDESZ, the SZDSZ and by society as a whole?

[Diczig] A gap in the [body of] laws. Council of Ministers decree No. 6000/1975 and the deputy prime minister's determination No. 1/1975. In the end, the internal security service continued to function on the basis of low level regulation even after the new constitution was proclaimed. At the same time one must also recognize that the earlier surveillance of some 20 or 30 organizations and persons had narrowed down to three or four.

[NEPSZAVA] What kinds of information did they gather about the persons surveyed?

[Diczig] In our view the workings of the company were not only in violation of laws, but were also superfluous and senseless. After all, the concepts advanced by FIDESZ politicians could be read in the various press organs, just as one could read Ferenc Koszeg's report in an issue of BESZELO including the names of persons he talked to, and what they talked about.

[NEPSZAVA] Were these tasks performed at the internal security service in a hostile or in an understanding atmosphere? Did you find any sign of an ongoing internal struggle within the Ministry of the Interior?

[Diczig] It seemed as if a smaller part of the members of group command III/III had insisted on maintaining the old work style, the old perception. The larger part, however, particularly the young, distanced themselves from this kind of activity. They demanded changes in the organization and in work style, and the placement of this work upon legal foundations. I personally did not notice any political struggle, but even more so I noticed a struggle stemming from the changed outlook. The composition of the internal security service was not homogeneous, there were some pointed debates and conflicts concerning the function of the service. The old and the new outlook clashed. Incidentally, Jozsef Horvath and Ferenc Pallagi took note of, and acknowledged our findings, but they did not agree with all the conclusions we drew on the basis of these findings.

[NEPSZAVA] Almost as if to facilitate the resolution of internal differences of opinion, Major Jozsef Vegvari made public a few documents. The service was absorbed by counterintelligence. In your view, may the major feel secure?

[Diczig] The commission of any kind of atrocity by anyone in regard to Vegvari would be a grave mistake. After all, society would not tolerate this kind of self-administered political justice, or criminal act. In my view, Vegvari's action should be examined in the framework of laws, and based on that a decision should be reached whether his act was indeed a criminal act, or if it was a criminal act only in its form. In my view, an act which unveils an unconstitutional activity presents no danger to society.

[NEPSZAVA] Does the special committee report have parts which cannot be publicized?

[Diczig] I must keep the operation and structure of the service a secret, because revealing these aspects would unveil organizations of a similar character which continue to function, and this would be a violation of state secrets.

POLAND

Intelligence Chief on Recruitment, Activities, Role in New Era

90EP0330A Warsaw *POLITYKA* in Polish
No 3, 20 Jan 90 p 5

[Interview with General Zdzislaw Sarewicz, chief of the Intelligence and Counter Intelligence Service, Ministry of Internal Affairs, by Marek Henzler, place and date not given: "A Game With Marked Cards: We Cannot Afford Comprehensive Intelligence"]

[Text] [POLITYKA] General, until now a Polish citizen might read about the services under your command only in publications published in the West. Is such great secrecy from your own society essential?

[Sarewicz] The most carefully guarded secrets of every special service in the world are always its operational potential, interests, information sources, means of communication, etc. And frankly speaking, no service is interested in such interviews as this one, but on the other hand I would also like to gain the acceptance and understanding of society for what we do.

[POLITYKA] One can read in specialist publications in the West that there are 1.25 million spies active in the world, whose annual salaries are estimated at \$31 billion. How does Poland's intelligence and counterintelligence measure up against this background?

[Sarewicz] I can only say that we are one of the units of the Ministry of Internal Affairs. If the personnel potential of the special services around the world was so clear, as some Western publications report, then the characteristic mark of their operations, secrecy, would be devalued.

[POLITYKA] Where do you recruit your employees? What determines their usefulness for the secret services? I have never heard of open recruitment for your services.

[Sarewicz] The intelligence officers are mostly select graduates of higher schools of considerable mental ability who are in good psycho-physical condition. They go through additional specialized general training on contemporary political, economic, and scientific and technical relations. They speak foreign languages fluently. An intelligence officer then specializes in a specific area, for example, international relations, follows achievements in science around the world, for example,

in microbiology or cybernetics, or concentrates on economic and financial relations. Many have scholarly degrees in various areas. We are not a superpower, and we cannot conduct comprehensive intelligence. And although without money little can be done in our work, we endeavor to compensate for these reduced financial resources with pragmatism in our operations.

[POLITYKA] What purpose then does intelligence work serve today?

[Sarewicz] The intelligence service defends the interests and security of the state. We are interested in everything which can help or harm Poland. We operate wherever we expect to gain the most reliable data concerning the true intentions, goals, and plans of other states in regard to Poland. The results of our operations should help the policy of the state.

[POLITYKA] Can you speak less diplomatically? What results are involved?

[Sarewicz] Helping our authorities by supplying them with essential information concerning the political and economic decisions being made, and also protecting some of our interests abroad and certain spheres of state security here in Poland.

[POLITYKA] Such operations cost a great deal, everything cannot be paid for with inflationary zloty. Where do you get the resources for your operations since the state treasury is practically empty?

[Sarewicz] We live frugally on what comes into the state treasury from our operations or in other words off the "profit" from what the state treasury does not lose thanks to us.

[POLITYKA] Can you speak more plainly?

[Sarewicz] Perhaps someone would be interested in calculating how much, for example, it would cost to purchase and apply a Western license for fiber optics and simultaneously what would be the costs of ending development of domestic production of this advanced technology, mastered with no small effort, in previous years. Our intervention put an end to these proposals. In any case, I could list many more examples, speaking delicately, of wrong decisions to purchase licenses, which were not purchased only because we prevented them in time. Certainly, my colleagues from the Security Services who deal with industrial protection could also say a great deal about the subject.

[POLITYKA] There were, however, a number of accidents—for instance, the famous case of the Berliet buses.

[Sarewicz] In that case, too, we reported the selection of the license was off the mark. We do not, however, have influence over the use of our reports. The user, as in the past, can ignore or even feel insulted that he is being lectured.

[POLITYKA] Your operations in this area are associated with activities that specialized scientific institutes and specialist foreign trade organizations should do.

[Sarewicz] I hope that this area of our operations will disappear as each producer and trader under the new economic system properly cares for their own interests, and indirectly for the interests of the country. I assure you that we will gladly resign from this "maternal" role as a circuit breaker in our internal trade if it is not dictated by the needs of the state.

[POLITYKA] Last year during the hearing before the Sejm commission, the candidate to head the ministry of internal affairs, Gen. Cz. Kiszczak, reported that 1.5 billion zloty were saved thanks to the operations of our economic intelligence in 1989. That was the first public admission of such operations.

[Sarewicz] Today even the richest countries conduct economic intelligence; one can even say that some owe their power to it in large measure. We also must not resign from such opportunities; we have no other way out when the West refuses to sell us some technologies for strategic reasons. Moreover, gaining foreign scientific and technical secrets is a permanent element of the economic operations of small and large enterprises around the world.

[POLITYKA] But does it not seem to you that the lack of access by our science and industry to the world is due to the previous way of managing the state? If there was money available, access to specialist publications, greater opportunities for trips abroad, perhaps what your employees are doing would be totally unnecessary; it would not be called economic intelligence, but simply scientific and technical exchange. Perchance did the system consciously cut off science from the world and create a special service under its control which would attempt to fill that gap somehow at a cost unknown to society.

[Sarewicz] We have always operated on the orders of the state authorities; however, there is no doubt that the basic intelligence tasks focus on information gathering in the political and defense areas. Good intelligence work is able to gain and provide in advance reliable information responding to the needs of its state. When intelligence provides such information, then it constitutes a fully useful instrument in the implementation of tasks in foreign and defense policy.

The sense of maintaining counterintelligence is similar. If it is able to neutralize effectively the operations of foreign agents attempting to penetrate the groups determining our political and economic life and to reach strategic and defense secrets, then, speaking metaphorically, this keeps Poland from being a partner, on the world—let us say, the European—stage whose cards are known. That is worth as much as authentic, instead of verbal sovereignty, in foreign or economic policy is worth.

[POLITYKA] We do not guard our secrets from everyone—I am thinking of our allies in the Warsaw Pact. Surely you cooperate with the special services of the allies. Does this not cast a shadow over our sovereignty?

[Sarewicz] Yes, we cooperate. With some more actively, with others less actively. Everything depends on whether the cooperation provides or does not provide mutual benefits. The Soviet services, which have outstanding equipment and personnel, are our closest partner. Our current presence in the Warsaw Pact also places on the Soviet and the Polish side a need to exchange information and cooperate in securing mutual interests.

[POLITYKA] In this partnership, we are the weaker side. Does our intelligence service carry out any area of tasks assigned by the KGB, which conducts comprehensive intelligence or do we determine our own tasks.

[Sarewicz] We cannot afford comprehensive intelligence. We do not aspire to the role of a power. Our interests are concentrated in Europe, where the potential threats to Polish reasons of state lie. I betray no secrets when I say that we are particularly interested in what is happening on the German side.

[POLITYKA] Does this mean in the GDR, too?

[Sarewicz] We operate wherever threats to Polish reasons of state arise. The new political and social conditions in the countries near Poland are making it necessary to constantly analyze the changes occurring in them.

[POLITYKA] Could the authorities have judged from your reports that the changes in the socialist countries would move at such a mind-boggling pace and in such a direction?

[Sarewicz] It would be worth asking the members of the government. I think that our reports contained a sufficiently large amount of information to formulate an accurate view of the development of the situation in particular countries. But that the changes are occurring at such a pace, no intelligence service in the world could foresee.

[POLITYKA] Does the secrecy of the operations of the intelligence service not constitute a threat to the democratic and pluralist operation of the state?

[Sarewicz] Absolutely not. We are not a "state within the state," and we perform a service function for the state authorities. We operate fully respecting the law, and abroad we strive for the fewest possible collisions with the law.

[POLITYKA] In most socialist countries the intelligence service is in the Ministry of Internal Affairs. The Western countries in general do not use that structure. For example, the CIA is under the President of the United States, and the BND is in the office of the Chancellor of the FRG. In Italy, the intelligence service is subordinated substantively to the premier and a special committee under him. And although there are secret

services, they are subject to parliamentary control. Their heads and higher officials regularly, not just when an accident occurs, report to the parliamentarians. I have never heard in recent years of the Sejm or even one of its commissions hauling you on the carpet?

[Sarewicz] We have always operated within the binding law. The Commission for the Administration of Internal Affairs and the Administration of Justice has control of the entire ministry, including the intelligence service. The minister of internal affairs has made reports to the Sejm. We have nothing against modifying the system of supervision and control—government, presidential, or parliamentary—over intelligence or counterintelligence work.

[POLITYKA] How do you inform the state authorities about what is happening in the world? Daily, weekly, when something important happens? What is the range of the users of these reports?

[Sarewicz] Reports go daily, and they are of various kinds, which determine the degree of secrecy. The users are primarily the president and the head of the government. Particular members of the government receive parts of the reports in accord with their fields of authority and interests.

[POLITYKA] Who assigns tasks to the intelligence service?

[Sarewicz] Through the minister of internal affairs, we are under the premier, and that is the only source of the tasks assigned to us.

[POLITYKA] In the past has the Polish intelligence service warned our government and the leadership of the PZPR of the approaching crisis?

[Sarewicz] Yes. We always provided reliable, advance reports in time. But the role of the intelligence service ends there. It was characteristic, for example, that at the end of the 1970's when we were producing alarming materials concerning the political and economic situation of the country, for the leadership of the state, including E. Gierek, to return them to us without comment or even without further questions. Some envelopes with reports were even unopened, and they contained, among other things, Western intelligence estimates on the development of the situation in Poland which we had obtained. Fortunately, those were no longer times when despots cut off the heads of emissaries bearing ill tidings.

[POLITYKA] In previous decades, great efforts and resources were invested in understanding emigre political groups and so-called centers of ideological diversion (especially Radio Free Europe). Today leading emigre politicians visit Poland without difficulty, foreign broadcasting services are opening offices in Warsaw, and you?

[Sarewicz] Not so long ago, you would not have even asked because you would have known the conditions. When the ideological doctrine identifies the state with the party, obviously state instrumentalities are used to

counteract the ideological opponent. Today ideological confrontations are resolved in other forums without our participation.

[POLITYKA] How would you describe the foreign agencies' activities in Poland today?

[Sarewicz] Today we deal with two kinds of activities. One which is active here and now and one which we term prospective, which begins to operate actively on a signal from its central agency. Until that moment it does absolutely nothing that might threaten its cover. Such a state may last for many years, for it may be that the activation of the agent is planned only for particular situations, for example, a war.

[POLITYKA] Who are these agents?

[Sarewicz] They are the professional personnel of foreign intelligence services and people recruited to intelligence work in various occupations, with various qualifications, and with various levels of education, who agree to the risk associated with spying usually for easy money. They are not random individuals but individuals who have access to information or facilities of interest to foreign intelligence services. How many of them are there? It is not always worth saying. We do not want to wait until they make a mistake; we want to find them as soon as possible. We are more interested in uncovering agents than in unmasking them and arresting them. The cornering and arresting of a spy is a forced final action in a counterintelligence operation. Then the opportunity of penetrating your opponent and providing disinformation, for example, ends.

[POLITYKA] But when you arrest an agent it is usually well publicized.

[Sarewicz] It has not always been our intention; usually a spectacular social resonance or political effect was concerned.

[POLITYKA] Every now and then, one of your people gets caught. The best known ones are those with diplomatic passports. It tarnishes the image of our diplomatic service.

[Sarewicz] As history teaches, traders and diplomats to other states frequently had two missions. I can only say that our competitors of the NATO services have much greater influence and that proportionally more of them sit at diplomatic desks.

[POLITYKA] Are any of your employees sitting in foreign prisons at present, or employees of foreign services sitting in ours? Are all such issues dealt with today by exchanging exposed employees? How many employees of foreign services or Poles recruited by their services has the counterintelligence under your supervision uncovered recently?

[Sarewicz] Every self-respecting intelligence service surrounds its people with the greatest care. We do also. In

case of a problem we make every effort to keep the consequences of intelligence efforts from being painful for our colleagues.

As regards the second part of your question, I can say that in the 1980's 60 individuals have been sentenced for spying. Further, more than 1,300 attempts to recruit Polish nationals for intelligence work have been conclusively established.

[POLITYKA] The broad opening of Poland to the West, the partial disarmament, the influx of millions of people through our boundaries to some degree undermine the usefulness or at least modify the range of your efforts.

[Sarewicz] Not completely. During the recent period there has been a significant increase in the activity of Western intelligence services against Poland. The director of the CIA recently stated, for example, that the phase of reduced tensions implies an increase in the significance of intelligence gathering, especially in verifying the reliability of the intentions of partners and the implementations of agreements signed. For the NATO states as well as some outside of NATO, Poland's political line today and the pattern of its geopolitical orientation are not unimportant.

[POLITYKA] Thank you for your comments.

[Box, p 5]

Gen. Brig Zdzislaw Sarewicz, age 59, graduated from the Higher School of the Foreign Service. He worked in the International Commission of Supervision and Control in Vietnam and in the embassy in Laos.

Since 1958 he has worked in counterintelligence in the Ministry of Internal Affairs, of which he became the head in 1980. Since 1983, he has directed intelligence in the Ministry of Internal Affairs. In November 1989, he was named head of the Intelligence and Counterintelligence Service.

ROMANIA

Views of Opposition Parties on Privatization

90EB0348A Bucharest ROMANIA LIBERA in
Romanian 7, 8, 9, 10 Mar 90

[Report by Ion Stoica on roundtable discussion with representatives from the National Liberal Party, the Social Democratic Party, the Christian Democratic Union, and the Free Democratic Party of Social Justice; place and date not given: "Privatization: For or Against?"—first three paragraphs are ROMANIA LIBERA introduction]

[7 Mar p 3]

[Text] What seemed impossible turned out to be feasible in Romania, too. The dictator was toppled. The road to democracy was opened up. However, a long path must

still be traveled before desire and opportunity become certitude. The political revolution must thus continue. Its victory is conditioned by a number of final objectives, one of which involves raising the people's material living standard, an objective that specialists incorporate in the economic revolution, a process parallel to the political revolution and on which the success of the latter may be said to depend.

What is evident is that one of the causes of the unrest and changes that took place in Eastern Europe in the past year was the failure of the economy and the need to change it. The nature of such changes varies from country to country and from political party to political party. As far as Romania is concerned, it is to be noted that the very first communique of the National Salvation Front [NSF] Council published in the first days of the Revolution, spoke of the need to restructure the entire national economy on the basis of profitability and efficiency. Which meant that "something" was amiss and continues to be amiss in the Romanian economy and that changes are therefore required. Economists unanimously accept the fact that that "something" is a conglomeration of factors and that what we are dealing with is not changing one structure, but several. Those structures are said by experts to include the form of ownership, the change of which can determine changes in the other social structures.

The first question is: What is the shortest "route" to attain this objective? The next one is, of course: What are the best ways so that, avoiding the mistakes of the past, the Romanian economy can indeed promote the prosperity of our people? A clear-cut answer is naturally difficult. However, a glance into the "backyard" of countries with high economic and living standards shows that the free market economy proved to be more efficient than a controlled and centralized economy, having, as one economist put it, the capability to deal with complex conditions and to innovate. This capability is generated primarily by private or individual ownership. Thus, what we need to discuss is the need for privatization. This was the point of departure for the round table organized by ROMANIA LIBERA with representatives of some of the political parties that will participate in the electoral campaign for the 20 May elections. Our invitation was accepted by: Mr. I.V. Sandulescu, chairman of the Bucharest organization of the National Liberal Party [NLP]; Messrs. Vladimir Boisteanu, member of the Steering Committee of the Social Democratic Party [SDP] and Ion Dragnea of the same party; Messrs. Nikolaus Gidei, economic adviser and Raul Volcinski for the Christian Democratic Union [CDU]; and Messrs. Gheorghe Susan, chairman, and Pompiliu Mateescu, secretary general of the Free Democratic Party of Social Justice [FDPSJ].

[ROMANIA LIBERA] Thank you for accepting our invitation. Without any false modesty, we think that the initiative of our newspaper is most opportune. Privatization is a very important issue of the electoral campaign. Until now, this issue was not and could not be

discussed in our country for decades. That is perhaps why, out of lack of understanding, the people are evincing a certain opposition. But let us tackle our topic.

[Boisteanu, SDP] Privatization is not an end in itself, but a means through which we intend to build a modern, efficient, flexible, and competitive economy working at optimal parameters. We will not give up other forms of ownership if they prove to be profitable. We must have an efficient economy.

[ROMANIA LIBERA] In England, for example, some chose private, others chose socialist ownership. Does the preference depend on ideology, or on obvious requirements of the moment?

[Volcinschi, CDU] Each one wants to make the economy more efficient.

[Sandulescu, NLP] No system is perfect. Each party acts according to its ideology. One thing may be concluded: The truth is somewhere in the middle—neither complete privatization, nor complete social ownership.

[ROMANIA LIBERA] We raised the problem in a general context. What is valid in our case?

[Sandulescu, NLP] This concept has been attributed various meanings, some negative and others positive. In plain language, the concept of privatization means transferring economic activities from state to private ownership.

[ROMANIA LIBERA] Please give us more details.

[Sandulescu, NLP] We must clarify the concept of privatization, because it has created chaos among our public. It is so unclear and so widely interpreted, that it went so far as the slogan, 'We Won't Sell Out to Foreigners!' There is confusion among things that were understood completely wrong. Privatization does not mean selling the country to foreigners, nor that workers will be left without jobs. Neither does it involve the return of land owners.

[ROMANIA LIBERA] What does it mean, then?

[Boisteanu, SDP] It is something that is achieved as we go along. It is something imposed by the economic phenomena we are facing. We must, of course, adapt to the specific timing and characteristics of our economy. Economic phenomena cannot be shaped on command. Just as doctors say that there is no disease, only sick people, so there is no process of privatization identical for all the countries.

[Susan, FDPSJ] We view it as a complex process of transition from the present form of ownership of the means of production, from the current situation regarding the gain of material and cultural assets, to what should be. As long as individuals don't see a direct relationship between their work and their pay, they have no interest. The problem of the migration from the country to cities has been discussed. The reason was

precisely this: Once peasants saw that they had no prospects for living in their villages, they left for the city. The demagogic propaganda of the old regime claimed that property belonged to all the people. People were ordered what to do at will. All desire ceased at the gates of possibilities. The people are not informed. For half a century they were drilled in the idea that anything involving private ownership means exploitation. But the truth is different. As long as the individual can enjoy the fruits of his labor, whether he is the owner or an associate, it means that there is democracy and that he is interested in working, for himself and for the country.

[Sandulescu, NLP] A man must feel himself in control.

[Gidei, CDU] After all, what do we want to achieve through privatization? Prosperity. We want to attain the same living standard as countries that, at least from an economic viewpoint, we envy. So that is the objective. Only a series of economic reforms can resolve the problem. Among these reforms, privatization is only one element. We must take into account the historical moment and the circumstances in which this transition is to take place. We must remember that there is no precedent for the transition from a ultra-centralized economy to a market economy.

[ROMANIA LIBERA] As far as Romania is concerned, experts claim that our poverty came into being and spread for two reasons: low productivity caused by lack of initiative, incentive, competence, and responsibility, and the fact that the country was robbed by the clique faithful to the old dictator. Both causes were "grafted" on the same stem: the form of ownership, which practically excluded private ownership. Is then the conclusion that the solution lies in unfettering private initiative, something that requires privatization?

[Mateescu, FDPSJ] We proceed from what is possible, what is feasible, and what the people request. That is to say, we proceed from the realities of 1990. For example: In agriculture, we have some agricultural production cooperatives and state agricultural enterprises which are profitable, and some which are not. We believe that as a first stage we must privatize the unprofitable ones. However, I must stress that we are also considering the practical side, namely productivity. Who is working the land? The average age of our peasants is now 65-70 years old; our villages are empty of youth.

[Sandulescu, NLP] This happened because the cooperatives did not offer living conditions for the young, neither economic, not social, nor cultural. We must now create living conditions that will attract the youth back to the country. They left because they could not live in villages. The city offered better conditions, miserable as they were, anyway, better than in the agricultural cooperative. If, as the citizenry is demanding, we will transfer land to private ownership—up to a point—with absolute rights and the right to sell and bequeath; if we create conditions in which people can produce and raise any number of livestock and poultry they want and be able to

market them freely; and if we repeal quotas, then the living conditions will be such that people will leave the city for the country.

[Dragnea, SDP] Do they get the land for money or for free?

[Sandulescu, NLP] Without any preconditions. Up to 10 hectares of land, for free. If you're interested in our policy, we want to grant long-term credit at very low interest, so that peasants can purchase the equipment they need to work the land.

[Boisteanu, SDP] So, from your point of view, the agricultural problem consists of achieving profitable activities. Why were such agricultural activities relegated to the side by the former RCP [Romanian Communist Party]? Because, in its concept, attracting workers to the city was important for the work it viewed as essential.

[Mateescu, FDPSJ] A factory worker could be manipulated and indoctrinated more easily than a peasant in his village.

[Sandulescu, NLP] The base of the Communist Party was only the proletarian worker, who lived only on what he earned.

[Mateescu, FDPSJ] The established, honest peasant who loved the land, and who could pursue a court trial for generations for one field, became the enemy of the land. The peasants killed their livestock. The situation in our villages was downright criminal. Moreover, our villages were not destroyed only economically and morally; the soul of the peasants was destroyed. We want to restore them to being the true masters and the true producers. A peasant should be able to decide himself how to use his land and what to grow, how to market, to whom, and in what conditions.

[Dragnea, SDP] What is involved is both the state and the individual. Both have zero wealth. While the Romanian state doesn't have debts, it doesn't have much money either. The same goes for us, the great majority of Romanian citizens, we have zero capital. In the understanding of the man in the street, privatization means that those who can afford to will buy property, while those who live on their salary will not be able to do the same. We believe that the first step is to secure money. From where? There are only two possibilities: loans and capital investment abroad. Our priority before privatization is to create a monetary pool with which to work. As is known, money makes money. We need money.

[Dragnea, SDP] There is no doubt that privatization is necessary, and we will have to struggle to convince people of that.

[ROMANIA LIBERA] In other words, private initiative, freedom, a feeling of ownership, the desire to protect one's property and the ambition to increase it, and incentives for creativity are resources that must be capitalized on, and their free action must be guaranteed.

They can yield benefits for both individuals and the country. What are the best means of highlighting that now in Romania?

[Gidei, CDU] The problem is extremely complex. What is certain is that you don't go from a socialist to a capitalist economy by pushing one button. Many see similarities with some countries after the war. But their ruin was primarily material. The physical and moral wear and tear on our means of production are such that they are worth little in the current international economic flow. We must also take into account the moral damage done to people.

[ROMANIA LIBERA] There are mentalities that we must overcome, such as 'they pretend to pay us and we pretend to work.' I have heard people say: 'I'm better off getting 50 percent of my salary but being certain of my job, than to depend on an owner that can fire me tomorrow.'

[Gidei, CDU] Our country became isolated for lack of information.

[Dragnea, SDP] The difference between the West European countries after the war and the ones in the East now is that they had a system in place, so all they needed was money. We, however, need to create a system. The decentralization will create three situations: Some enterprises will endure, others will have to be restructured and modernized, while others will become superfluous. Why continue to invest raw materials, fuel, and labor in something that loses money and shows no signs of becoming profitable?

[ROMANIA LIBERA] Is there an alternative to privatization?

[Susan, FDPSJ] In other words, is the complex process of privatization an absolute necessity or is it not? We believe that it is an absolute necessity. It is the only way in which we can become integrated into the European and international economic system.

[ROMANIA LIBERA] Some economists define privatization as the transit from an economy of volume to one of value, leaving room for demand and offer as the criteria for price setting.... However, by what means and how fast is this transition to be effected? The question is justified because opinions are divided in foreign literature, too, in countries with privatization traditions. Jeffrey Sachs, a Harvard professor, wrote for example, that "to restore the disastrous situation created by the unsuitable management of the communist governments, East Europe must take a rapid leap toward private ownership and a free market system." On the other hand, Lionel Stoleru, secretary of state to the French prime minister, said that "you cannot destroy a centralized plan to create a new market in three weeks or three months." So...

[Sandulescu, NLP] Privatization cannot be achieved abruptly, but must proceed in stages, beginning with small-scale industry.

[Dragnea, SDP] There will be several forms of ownership. We cannot proceed to privatization without taking into account the current situation: Collective unrest among workers and among the masses are forces that proved to be essential for the success or failure of such a project.

[Susan, FDPSJ] Our party, too, sees privatization occurring in stages, proceeding from what can be done immediately and progressing to the maximum that can be achieved in the future. Our viewpoint is that we should begin with services, whereby we understand not only the production of immediately necessary material goods, but all the aspects that in one way or another serve the human being to lead a civilized life.

[Sandulescu, NLP] The economy features three aspects: production, turnover, and consumption. You began with the services, meaning the privatization of the free professions. Do you view trade as the next stage of privatization?

[Susan, FDPSJ] It can occur simultaneously, as can the production sectors, agriculture, and industry, at the lowest level. Naturally, we never considered offering for privatization the sectors that affect national interests and state security.

[Sandulescu, NLP] Our first action—deriving from our moral obligation as democratic political parties—is to change the face of the country, to work on people's mentality, and to convince them that privatization is to their own advantage, rather than the reverse. People have been indoctrinated to mistrust anything new. We must convince them of our good faith when we, for example, distribute land and tell them it is theirs to sell or bequeath. We must work on their mentality.

[Mateescu, FDPSJ] In fact, we must have a moral goal.

[Sandulescu, NLP] In general, our Romanians are by nature prudent. We have to admit that we, the parties, are not offering them a pretty picture at the moment, either.

[ROMANIA LIBERA] The important thing is how to persuade people.

[Susan, FDPSJ] People need specific solutions demonstrating the viability of the measure proposed.

[Sandulescu, NLP] We are all in favor of distributing collective land to the peasants. How do we convince them? How can we persuade them that the land is as we promise, that they can bequeath and sell it?

[ROMANIA LIBERA] Persuasion can take another form, too. It is not enough to distribute land, you must also create conditions in which it can be worked.

[Susan, FDPSJ] Several families can get together and sign contracts with Agricultural Machinery Stations [SMA] for farming equipment. Debts can be paid out of the produce obtained, without contracts and without quotas.

[Sandulescu, NLP] We are in favor of creating voluntary associations, for the purpose of purchasing equipment to be shared. We will endeavor to make available long-term loans at very low interest. If possible, interest free. In connection with the fact that hired labor is not desirable, we don't think that that is the way. If a family has five hectares of land and cannot work it, it can associate with other families that have five hectares each which they cannot work and, willy-nilly they will have to use hired labor, too. By purchasing equipment they can eliminate many manual jobs. Associations are absolutely necessary and belong to Romanian traditions.

[8 Mar p 2]

[Text]

Advantages and...(Possible) Disadvantages

[ROMANIA LIBERA] Thus, our conclusion is that privatization is the "operation" required to heal the Romanian economy.

[Sandulescu, NLP] It carries advantages that are tangible, visible, and palpable in the countries in which it has been practiced for a long time. Who stands to lose? Those who lived at the expense of the workers and who evaded work. Parasites cannot last on private investment. The diligent ones can only gain. Another advantage for workers is that currently, they work in state enterprises. The state is the owner, the master of the executive power, and the master of all the means. When individuals become owners, the state can become the arbiter. The workers have the means of defending themselves against the owner through trade unions. Because the master no longer has in his hands the police, securitate, etc.

[ROMANIA LIBERA] There is the fear of unemployment...

[Sandulescu, NLP] I am convinced that, by creating conditions to make agricultural work profitable, many of those who came to the city will return to the country. The first important step is to make peasants' life profitable. I repeat, we must not forget that the peasants have already been fooled once.

[Mateescu, FDPSJ] In 1945 there was a decree that granted land to peasants, but it was a fraud.

[Sandulescu, NLP] Another deceit was in 1967, when proxies were created, who were later sent to prison for illegal actions. The law must ensure that owners are the true masters and that they have the power to decide on their property.

[Susan, FDPSJ] The problem of unemployment must be considered in all its aspects. The cities were built by peasants and commuters, who made up almost one third of the workers. On the other hand, enterprises, certain sectors, and the agriculture were continuously manned by auxiliary labor: students, army, schoolchildren, and workers. This must cease.

[Sandulescu, NLP] It is not enough to state that soldiers and students will no longer be dispatched. Somebody must be there to do the work.

[ROMANIA LIBERA] The fact that a peasant can buy tractors and machinery will give him an advantage over others. Will this not create a stratification that at some point may assume a different character and sow discord among people? Is this not one of the sources of the fear of privatization?

[Sandulescu, NLP] In a democratic regime it is impossible to preserve the notion of egalitarianism.

[Mateescu, FDPSJ] Strata will indeed appear. But we must all understand that the future of the Romanian society is work, a society of competition and value, a society of initiative and skills.

[Gidei, CDU] I would like to try to dispel some fears. There are certain terms that have no foundation and were almost entirely lifted from Stalinist dogma: concepts such as boss, selling the country out, and exploitation. These concepts have been completely overtaken by the economic realities prevailing in the developed countries. Economists examining the two major economic systems—the centralized, planned, socialist system that was in place in our countries, and the market economy typical of the developed countries—came to the conclusion that the developed countries came to be such because of the market economy.

[Sandulescu, NLP] What is in question is the relationship between demand and supply. Who creates the demand? Who creates the supply? You spoke of a market economy. In fact, that economy can be reduced to one principle: free demand and supply. The question is: Who is the producer?

[Gidei, CDU] The producer is represented by several sectors: state, collective, and private. Some are trying to oppose privatization. That is wrong. It is neither possible nor necessary. Prosperous economies are mixed economies. Privatization is an essential element. We want prosperity to be the goal, the objective. If we want to live well, we must accept a market economy.

[ROMANIA LIBERA] The experience of other countries is causing anxiety. In Hungary, Yugoslavia, and Poland, where privatization began, side effects such as inflation, unemployment, and increased foreign debt have been raising questions. On the other hand, there are developed countries—like England, Japan, etc.—where certain sectors are being nationalized. From this viewpoint, should we continue to believe that, whatever other

countries' experience, in the present situation, privatization is the only solution out of our critical situation?

[Sandulescu, NLP] It is the only means of reintegrating our economy into the European system.

[Dragnea, SDP] Hungary and Yugoslavia proceeded from egalitarianism. Simultaneously with partial privatization, there emerged polarization concerning wealth, which scared societies used to egalitarianism. Inflation also appeared, because prices rose. Some could afford those prices, but those who did not succeed are having difficulties.

[ROMANIA LIBERA] Are those difficulties inescapable?

[Dragnea, SDP] It is a traumatizing process.

[Gidei, CDU] It is not traumatizing. We must attain the economic levels that are our models.

[Susan, FDPSJ] The above-mentioned phenomena were caused by the fact that the sectors that were privatized are developing in parallel and completely isolated from the old structure, which is still in place. Simultaneously with the privatization of some sectors we must also reform the centralized management, in the sense that figures may be given as indications, but there, too, steps must be taken to achieve market conditions.

[ROMANIA LIBERA] The figures you mentioned should be only for enterprises not privatized, or in general?

[Boisteanu, SDP] Those who remain in state ownership should be given some guidelines, but measures should be taken so that their products can be integrated into the market. We must stop producing goods for no good reason.

[Dragnea, SDP] Those enterprises should be managed autonomously, while the state should coordinate the respective sectors.

[ROMANIA LIBERA] In the case of private enterprises, the interest for profitability, and implicitly for the highest possible productivity is only natural. Consequently, resources will be invested in acquiring advanced equipment. However, a very modern machine can replace several dozens workers. What will happen to those people?

[Susan, FDPSJ] There will have to be reassignments to other sectors, and retraining in keeping with new technologies. Workers must find a place for themselves where they can be most useful.

[ROMANIA LIBERA] Is coordination between the state and producers necessary from this viewpoint?

[Sandulescu, NLP] Yes. By creating better living conditions in villages, there may even come a time when there will be a shortage of workers in cities. Yes, by introducing new equipment labor productivity will increase

considerably, so that, for example, 20 workers will be required instead of 100, but the 20 will be paid a lot more because the respective enterprise will need them and will pay them very well.

[Boisteanu, SDP] Let us remember that in the previous five-year plan it was said that productivity must be doubled. That meant that the number of personnel was to be cut by 50 percent. Thus, the problem is not new. Salaried personnel were faced with this problem before, but the solutions offered were not humanitarian.

[9 Mar p 3]

[Text]

With or Without Foreign Participation?

[ROMANIA LIBERA] As has been proven, in the contemporary world every state must be open to cooperation, so that to its own efforts it can add the fruits of cooperation with other countries. One of the methods preferred in our country was the establishment of mixed associations, a method that is not incompatible either with national independence, or with privatization. Especially since, as was pointed out here, we cannot boast of too much money, neither individually nor at national level...

[Dragnea, SDP] There are two conditions for enticing [foreign firms]. The first is political stability in conditions of democratization. It may seem paradoxical, but six months ago Romania was viewed as one of the countries safest for recovering one's investment. The totalitarian regime was paying at the expense of the people. This argument can no longer be used. We need political stability. The second condition is economic restructuring. No one would invest in a Romanian enterprise the way it is run at the moment. If we do not change the major Romanian economic enterprises on the pattern of state-owned firms in the capitalist countries we will not be able to take the step toward privatization. I believe that only when those who have financial resources will be certain of recovering at least the money invested and loaned, will they consider investing here.

[ROMANIA LIBERA] Consequently, you think that privatization requires some absolutely necessary premises—democratization and shaping the state sector on the Western model.

[Sandulescu, NLP] Without the certitude that we have a democracy capable of ensuring long-term stability, i.e., a freely elected parliament capable of offering guarantees, no one from abroad will invest.

[Mateescu, FDPSJ] We are talking about a democracy with a strong opposition.

[ROMANIA LIBERA] In point of fact, it is because of the lack of such guarantees that the United States is postponing granting the [most favored nation] clause...

[Dragnea, SDP] Are we not somewhat too optimistic about the conditions that foreigners may find here? We do have

some advantages, such as skilled and inexpensive labor. But let us not forget that we have competition in the East European countries that can offer conditions at least as good. Democratic Germany enjoys a privileged position because of its ethnic relationship to Federal Germany. The USSR and Czechoslovakia have a labor force that's at least as qualified. Some East European countries also have resources that may be attractive.

[ROMANIA LIBERA] On both sides some have been saying that the solution for the economic rehabilitation of East Europe is to intensify East-West cooperation. There are actions along this line. The situation is similar to that after the war, when the Marshall Plan helped the West European economies by providing, as Lionel Stoleru put it, the fuel to run the engine. However, he also noted that "in the case of East Europe, the problem is not to provide the fuel, but to install the engine.

[Susan, FDPSJ] Let's agree on one thing: Cooperation is one of the factors that will facilitate a successful privatization. Currently, our country has billions worth of industrial equipment, but it is not efficient. On the other hand, we have a labor force capable of miracles. We need cooperation in the following conditions: The people must be helped to understand that foreign investors are not breaking down the doors to come in, but are being begged to come. We must find understanding partners to come cooperate with us, to help us with state-of-the-art equipment, raw materials, and markets. Our labor force can be trained and retrained for more advanced technologies.

[ROMANIA LIBERA] It can be said that we present sufficient attractions for foreigners.

[Susan, FDPSJ] We must be able to guarantee that we will honor our pledges. People must be able to trust our good intentions. Secondly, we must be able to ensure profitable activities in our country in many areas that have been neglected: Social protection and care for the individual were relegated to last place. These are requirements for ensuring jobs for all our workers in civilized, progressive, and democratic conditions.

[Sandulescu, NLP] It has been said that privatization is connected to democracy. But it has not been said that currently, countries are economically interdependent. Not to try to integrate into this economic interdependence that governs the world is pure suicide. Romania offers optimal opportunities for foreign capital. What is the origin of the apprehension? I talked to some people; they think that if foreign capital is invested in the country, there will be unemployment and workers will be left without a livelihood. They also think that they will no longer enjoy the same living conditions. Foreign capital, should it come, cannot fire workers, because it needs people to work in the plants. And the living conditions of real workers, who really put effort in their work, will be far better.

[ROMANIA LIBERA] What forms of privatization would you recommend? One form would be individual ownership. Do you recommend mixed associations?

[Susan, FDPSJ] Of course, as well as having the respective collective take over as share holders. The capital may be state and private capital, or foreign and private capital, with a certain percentage of interest.

[ROMANIA LIBERA] Do you believe that the 51 percent share rule should be maintained for the Romanian side?

[Sandulescu, NLP] If it is an enterprise of national interest, certainly. If not, our interest is to get as much capital to come into the country and produce as much as possible. Maximum possible profit must be ensured for both sides.

[ROMANIA LIBERA] Nevertheless, doesn't foreign capital involve some risk, too? Because a massive import of capital cannot but have serious effects—economic, political, and social—at least at first sight. Let us consider just one aspect: The reverse of massive import of capital may be massive export of products, and we know, from our own tragic experience, what that can mean.

[Sandulescu, NLP] The privatization must also be carried out with foreign participation consisting of capital or modern technology, on the basis of agreements—preferably long-term—profitable to both partners. But there must be partnership, not subordination. Both sides must be ensured maximum gains, without anyone's interests being hurt. That implies specific solutions according to case, as it is equitable.

[10 Mar p 2]

[Text]

Workers as Share Holders

[Gidei, CDU] The fear of privatization is exaggerated. Those who are apprehensive about depending on owners must understand that the state is the biggest owner. The biggest and the most impersonal. The state is omnipotent and stifling. People don't realize that they are now in the hands of the state-owner. Secondly, the other kind of owner, private or individual, is constrained by law to observe sufficient stipulations to protect the interests of the employees.

[Dragnea, SDP] In this case, the concept of owner is wrongly used. The one with whom the worker is in contact is the administrator of the respective enterprise, who is the manager.

[Gidei, CDU] Indeed, the term is completely outdated, it belongs to the beginning stages of industrialization.

[ROMANIA LIBERA] What are the rights and obligations of the workers in a privately owned enterprise?

[Susan, FDPSJ] The jobs will be held by the skilled and diligent workers. The workers will not be mere wage earners, but can be co-owners of the respective plant.

[Gidei, CDU] Participation is one of the incentives by which the workers are encouraged to produce at a

profitable level for everyone involved. In developed economies, people can purchase shares in their own enterprises at preferential prices; in this manner they participate in the self-administration process.

[Sandulescu, NLP] We intend to ensure that workers who want to become share holders can be given long-term loans at a low interest rate, so that they can buy in. Secondly, after some years of work in the same enterprise, they can automatically gain a certain number of shares, so that when they retire they can own shares.

[ROMANIA LIBERA] What rights do the share holders have?

[Dragnea, SDP] The share holders have voting rights on decisions and, as workers, they are bound by the collective work contract signed with the enterprise, a contract that stipulates rights and obligations.

[ROMANIA LIBERA] Does it feature the right of ownership?

[Sandulescu, NLP] Such contracts make the right of ownership legal. The form of ownership can be expressed in various ways: salary, profit-sharing percentage, share dividends, retirement, etc.

[ROMANIA LIBERA] Let's assume that one person holds five shares, and his work colleague 50. What is the impact of their respective votes?

[Dragnea, SDP] Provided that neither exceeds 50 percent, voting rights are the same within the shareholders' meeting. If someone holds more than 50 percent, then they are coopted in the administrative board of the respective enterprise.

[ROMANIA LIBERA] Doesn't the participation in decisionmaking depend on the number of shares one holds?

[Dragnea, SDP] We may not yet have all the data to answer every question that arises. Many details must still be dealt with.

[ROMANIA LIBERA] Nonetheless, who will belong to the administration board?

[Dragnea, SDP] That is a body elected from among the shareholders with the largest number of shares.

[ROMANIA LIBERA] Over 50 percent, as you said before?

[Dragnea, SDP] Other limits conferring this right may be established.

[Sandulescu, NLP] A shareholder may have enough shares to have that right, but not want to sit on the administrative board. Then he can delegate someone else, who may hold fewer shares, but who has the training and ideas to render the capital more productive.

[ROMANIA LIBERA] In these conditions, it is to be assumed that trade unions will play a considerable role as representatives of the general interest.

[Sandulescu, NLP] Do you know between whom the relationship between workers and owners is established? Between the trade union and the manager. The collective work contract is signed under the aegis of the free trade union.

[Dragnea, SDP] Concerning the situation in our country, we need new labor legislation and regulations concerning work relations.

[Gidei, CDU] The trade union defends the interests of the employees. Every year there are negotiations between owners and trade unions.

[ROMANIA LIBERA] In other words, the administrative board and the manager do not have unlimited powers, there is a system of levers that rules out arbitrary decisions.

[Gidei, CDU] Naturally. There are many levers; the trade unions have a very important role, also in view of the fact that in a free market, the cost of labor is negotiable, being an annex to the work contract.

[ROMANIA LIBERA] As it emerged from this discussion, the problem of privatization involves two aspects of social relations: on the one hand, the relations between the citizen and the results of his work, and on the other, between the members of the society and the latter's assets. The participants in the round table inclined toward and raised arguments in favor of property privatization as the only means of rehabilitating the Romanian economy. At the end of the discussion, it can be said that they pleaded in favor of the Romanian people once again becoming the de facto and de jure owners of the wealth of which they were robbed under the most dehumanizing dictatorship, the Communist dictatorship. Thus, by separating the power from the economy, private property becomes a necessity from at least three viewpoints: economic—to serve as the basis for efficiency, productivity, profitability, and prosperity; political—to permit genuine democratization; and social or moral—because justice and honesty cannot exist without it.

Evidently, there may be other views, too. We wanted to hear and report them, but, as we said before, although they promised to attend the round table organized by our newspaper, certain parties—the NSF, the Romanian Ecologist Movement, the National Peasant Christian and Democratic Party, the Romanian Socialist Democratic Party, the National Democratic Party, and the Democratic Labor Party—did not keep their promise. However, the readers and all the citizens have a right to know the positions of the political parties on the acute problem of the rehabilitation of the national economy. Thus, the dialogue remains open. We are waiting.

Program of Liberal Party Presented

90EB0340A Warsaw RZECZPOSPOLITA in Polish
7 Feb 90 p 7

[Interview with Darzu Bogdan, Liberal Party of Romania, by Maciej Grabowski and Leszek Jesien; place and date not given: "We Must Be Radical"]

[Text] [RZECZPOSPOLITA] What are the main points of the political program of the Liberal Party of Romania?

[Bogdan] The primary goal of our party is to create a free political association of trade unions, as was the case in Poland in 1980. In this matter, Poland has set an example for us.

Second, the constitutional monarchy headed by King Michael should be restored. This political form would guarantee parliamentary democracy. We are in touch with King Michael who very much counts on moving once the political situation has been prepared. We would like to introduce genuine democracy after 40 years of communist rule. We believe that the king could be its guarantor like in the Benelux countries or in Great Britain.

Third, there is the introduction of a free market economy as in the countries of Western Europe.

[RZECZPOSPOLITA] At present, the state controls the entire economy. In what manner do you want to achieve a free market?

[Bogdan] We want to accomplish the liberalization of our economy by introducing foreign capital, licenses, technologies, and know-how which will guarantee economic progress.

[RZECZPOSPOLITA] What does your party think about privatizing the economy?

[Bogdan] Establishing contacts with rich Romanian emigres who are very much interested in entering our market would be the best way to accomplish it. They may help us financially, by way of establishing contacts and sharing experience. However, anybody who is interested will be able to invest in our country. The only condition is for our country to prosper economically.

Fourth, we want to create the best conditions possible for contacts between the students and the entire world in order to create a new, open-minded intelligentsia with a professional standard similar to that in the West. We would like to open up their minds. The fact that our students are what they are is due to the impact of the communist regime over 45 years. Therefore, giving them an opportunity to study the way they want and where they want is the only solution. To this end, we would like to use the money deposited in the Swiss banks by the Ceausescu clan (about \$1 billion). We are considering the introduction of a system of private schooling which would require professionals, specifically newly trained students, very soon.

[RZECZPOSPOLITA] Is it possible to bring this money back from Switzerland legally?

[Bogdan] A discussion of it is premature; we are not sure, but we hope it is so. We know from the mass media that the National Salvation Front is negotiating with Switzerland in this matter. However, it is a point of honor for us to have this money used specifically for science, education, and culture without the involvement of the front which can do God knows what with the money.

Fifth, there is agriculture. This is a very sensitive problem. For 45 years, the peasants were exploited, cheated, and actually alienated from the land. The National Salvation Front betrayed their trust completely. This is how we want to provide incentives for this sector: Initially, the land should be given to the farmers free of charge, and subsequently they should be supported with technology, the payment for which should be stretched out in the form of long-term loans.

Sixth, in conjunction with our liberal point of view, we demand that the right to strike without restrictions be guaranteed.

We want to come back to Europe. The political system should be tolerant of all parties and the parties should be tolerant of their members.

[RZECZPOSPOLITA] Do you allow for the possibility of the existence of the communist party within a liberal political system?

[Bogdan] We accept the further operation of the communist party provided it integrates itself into the future political system of Romania. There is a certain segment of orthodox communists who want to remain the way they were. We did not spill blood to have them rule further. If they are going to gain influence in the National Salvation Front we are prepared to repeat the revolution.

[RZECZPOSPOLITA] Do you allow for an opportunity to grant autonomy, even territorial autonomy, to an ethnic minority?

[Bogdan] We will ensure their equal participation in our political, cultural and economic life. For 45 years, we were forced to be chauvinists. All nationalists and chauvinists were manipulated by communists. As a people, we have never been chauvinistic. Territorial autonomy is not a problem; this is our common country, and the issue is not essential. All of us want communism to end regardless of our ethnic background. This was the case in Timisoara during the revolution: Everybody followed Pastor Toekes, a Hungarian. The communists were the ones to tell us that the Hungarians want to take away our territory. This was a lie.

[RZECZPOSPOLITA] What is more important for the Liberal Party of Romania: Creating a free market or the foundation of a democratic political system?

[Bogdan] We will never be free economically in the absence of political freedom. In Romania, political pluralism is at its embryonic stage. We do not have continuous contacts with the newly formed parties, we do not know their programs, we know nothing about them. Two wings have emerged in the opposition, a democratic-liberal and a leftist one. However, radical liberals account for a majority of the opposition. Nonetheless, we are apprehensive about the possibility of a dangerous mutation of communism developing under the cover of temporary democracy. Therefore, we have to be radical; in this case, we will be a dangerous counterbalance to the National Salvation Front. The first TV program about our party was broadcast only 2 days ago. Our society does not have too much information about us. Television is blocking such information. All TV air time is reserved for the front.

[RZECZPOSPOLITA] What is your appraisal of your actual strength, and what kind of success do you count on in the course of elections?

[Bogdan] We do not have good records on our membership at present because we are illegal. We do not know how many sympathizers we have. However, there are thousands of us. As far as the elections are concerned, first, we do not agree with the term of holding them too soon. It leaves us no opportunity to get prepared. This is the date imposed by the front, the only political force promoted by the mass media.

Our party is new, but in a certain sense it is very old because it is based on a tradition of long duration which has never been destroyed. What the communists have done is physically exterminate the members of our party; however, they never succeeded in killing the idea. This idea has now been adapted to a new situation. Together with others, we fought in the streets for freedom, and we will continue to fight until there is real freedom rather than the one we have now.

YUGOSLAVIA

Incompetence Blamed for Death of Self-Management

90EB0197A Zagreb *DANAS* in Serbo-Croatian
2 Jan 90 pp 18-19

[Article by Danko Plevnik: "The End of Self-Management"]

[Text] The dramatic developments and reversals in the social sphere of socialism indicate that the problem is no longer how to come to power, but rather what the purpose of power is today. It is ceasing to be important which party you offer your silent support to, but rather which one you vote for, because you can be a member of one party a hundred times over, and still vote in the elections for another party, since intellectual identification and spiritual unity do not recognize coercion. One

must expect that the voices of the new sirens as well will be muffled by the preelection demagoguery.

For a long time we built noncapitalism, and now we are trying to build nonsocialism. Parties are multiplying like soccer teams, so that soon we may expect the saying: one person—one or two parties. That is a logical historical reflex after so many years in which historical individualism has been deprived of its rights.

Many party adherents, however, will sooner or later run into the wall of reality and realize that politics is not just writing political manifestoes, programs, and petitions, or generating epochal ideas, but also actually applying those ideas. Here even the most rational idealism must confront crude reality. What the "new" and "better" political players should by no means neglect is the rule that ideas cannot be applied against the will of the demos as it truly is. The "tragedy" of democracy is that the majority decides, and not the intelligent ones—according to someone's party formula.

Even though different and even peculiar parties are appearing on all sides, in all of that merry-go-round there is nevertheless a common pole—the fact that what is particularly interesting in this process of deideologization is precisely ideological in nature: the myth of self-management.

That idea, whose basic characteristic is unrealized potential, links, for instance, the LC with both the left-wing and right-wing parties. We could assert that that measure of orthodoxy is more dependent upon the time that is departing than on the time that is coming. One can easily bury real socialism with full fanfare, but just try to reproach self-managing socialism for anything.

"We are all in favor of self-management, because it is essentially good, and has just been implemented incorrectly in practice"—isn't that the classic sort of self-management argument? But whatever that never visible essence of self-management was like, in its practical, material, consequences it only benefited the self-management bureaucracy.

Instead of becoming a healer, self-management became the illness of our, that is, their society. Self-management masochism wasted people's spirits and often ended in the spiritual death of those who believed that the proclaimed social power really resided in their hands and voices. The bureaucracy tortured and stretched the workers on the wheel of its goals, until they acknowledged its truths and voted for its decisions. Just as in a puppet theater, the management board used to select for the workers' council mostly people without any real power. Most of the normative acts and regulations were determined by the state's demands, and what could have been left to the so-called self-manager for self-management except a fratricidal quarrel over crumbs for wages?

All of that monotonous but deadly demagoguery of self-management is justified solely by a certain paracivil normativism, which, in contrast to Bolshevik voluntarism, has

nevertheless introduced among the workers a sort of awareness of certain rules of the self-management game. In order to win in that game, unfortunately, one had to be careless instead of careful, pugnacious instead of hard-working, dissolute instead of prudent, and an egoist instead of an altruist. If the industrial proletariat began in jails, orphanages, and asylums, the self-management proletariat, robbed, impoverished, and driven mad, has ended up in approximately the same place.

Why has the army never fallen into the trance of self-management and egalitarianism, even in the days of the most militant communism? Because, as the oldest professional organization in the world, it did not want incompetents to interfere in its work, and therefore its principle was the most natural human urge, the urge for advancement, rank by rank, on the basis of knowledge and results. Self-management exudes a completely different experience. More or less, those who got ahead were the biggest nonworkers, on the principle of who makes the most noise gets the best position and the highest wage. Who paid for this, except us, with this kind of standard of living? The death of self-management happened when the nonworkers began to determine the wages of the workers.

That sort of self-management made possible the mass perpetuation of incompetent people, who, like ideocratic vandals, attacked everything professional, from finances to the judicial system. The "self-managers" could do and know everything.

Talk with any worker, and you will get a similar answer to the question about self-management: 'I work because of the salary, and not because of self-management.' But what does that matter to them, when those who live by the logic of the coefficient, and not the magic of self-management, assert the opposite? They are fervently in favor of self-management, but they seek their wages and pensions outside of self-management. Why should they care if the workers do not want such self-management? What is important is what was thought about all that by Marx, Kardelj, Bakaric, and all those who enriched themselves thanks to self-management, bought pianos, and built villas and fireplaces. Like "decent Platonism," Marxism was pure anathema for self-management, because any "action" could only be a recollection of its ideas. If, according to the Marxists, religion was the opium of the masses, it is not surprising that the masses became the opium of religion (nationalism). In response to pressure from demagogues (creators [as published] of the people), "self-managers," from direct producers, turned into a mass for mediation of the creator-mania [kratomanska] truth. All of this, however, is atavistic reaction by mass socialism, which, in fear for its bureaucratic tusks, is bellowing like a dying elephant.

Those who reason about things as they are, are casting off that blot of "self-managing socialism." Thus, the subject of "Self-Managing Socialism" has been dropped since this fall semester at Novi Sad University, except for

fragments which will perhaps be found in the departments of sociology and political economy. What does that matter, however, when Yugoslav politicians, as statisticians claim, are up to 10 gloomy years behind Yugoslav scholars? The Commission for Drafting the Constitution of the Council of the Croatian Federation of Trade Unions, instead of the pigeon of amorphous self-management, preferred to offer the public the bird in the hand of industrial democratism. Recently, in STUD-IJSKI DNI, veteran champion of real workers' rights Neca Jovanov warned the schools of sociology, political science, and journalism about the relevant fact that in fact, people were psychologically satiated with those names like socialism, communism, and self-management, and expressed doubt about whether those same words could be used to convince people of their new content.

Why did self-managing socialism sink? Because there was no professional division of labor. We all, according to the strength of our will and ambition, grabbed at the rudder, and no one wanted to deal with the other work required for good navigation. We did not even learn to swim, not even when the water broke through below decks; we sank along with the ship, grabbing at the rudder until the last moment. Ante Markovic was the first one to cry "Eureka, learn to swim so that you can first save yourself." There is no Croatian or Serbian swimming. You can swim the breast stroke, the butterfly, the crawl, or the back stroke, but whatever style you use, you have to swim yourself. This metaphor, translated to the point, means that we have to learn how to live from our own production, performance, and earnings.

Self-managing socialism was a free market and competition in distribution. Everyone dealt only with estimates of profit, and few with how much would be earned. As an expense, one should also list those who earned wages just because they were engineers, professors, or doctors on paper... When the schools let everyone be smart, it is not surprising that the country became so stupid.

The bureaucracy managed to pollute everything for us, even that ordinary human self-management, reducing it to "socialist." What is self-management? In our country there are institutions for self-management, courts and institutes, but that concept has always ended in a sort of pantheism: everything is in self-management, and self-management is in everything. The theologian Tomo Veres, in his latest book, also offers his theological definition: self-management as the detheologization of mundane gods and the setting of man on his own feet.

But if man is already on his feet, why should he still be led by the hand? He is no longer a child. Supervising others is a liability, a waste of time, idling, a renunciation of one's own task: thinking about the world and oneself. Thus, it is very much in the interest of every sensible businessman to have an independent (co)worker, a person capable of managing his own respective task.

We do not doubt that, even when we justifiably doubt self-management fundamentalism or integral self-management. Self-management has much more prospects for functional success if it is combined with globalism (think globally, act locally), which is in any case more progressive than subordination to a centralism that did not know about concrete, local truth, but instead subordinated truth to desk-bound, unitaristic simplifications. Everyday, empirical self-management has been as if created for anarchism. Except for anarchists and Marxists, no one serious has so categorically defended those nonsense ideas about the death of the state, because the solution for society is not in death, but rather in the democratic functioning of a law-governed state. In their meaning and passion for euphoric irresponsibility, anarchism and self-management are brothers, who would interfere in everything, but would not be responsible for anything.

In its encounter with democratism, self-management has failed the delegate test. Self-management is a micro-tendency and democracy is a macro-tendency, and so the inwardly rigid creative structure of self-management bureaucratic power is not capable of keeping pace with the development of democracy: from quantitative, enforced plebiscitary, two-thirds, alluring three-fourths and big-majority democracy, to a qualitative, considered, procedural, proportional, and liberal (protecting the defeated minority) democracy. Democracy in Yugoslavia has even swallowed up self-management. Self-management is dead; long live the self-manager!

Today's self-manager is still possible only as a self-supervisor. Isn't that shown by the torrent of private minimarkets? Don't you, perhaps, self-manage through ownership of them? (Workers could not self-manage because they did not have ownership. It was bureaucratic, or absolutely more precisely, nomenclatural.) Everyone wants to manage their own property. There can be no meeting (or rally) about that. But won't the same thing happen to self-supervisors that happened to self-managers? Won't they also be quickly swallowed up by the entirety and the organized nature of the work? Won't they also soon prove to be amateurs, when they get their operation under way?

Specifically, self-managers also believed that numerous other personalities lived within them: from politicians to economists, and without scruples, they understood about everything. Self-management did not require that a person have a great deal of professionalism, but, rather, as in that drama of Plato's, that he get used to a role in which today he is his own lawyer, tomorrow his own economist, the day after tomorrow his own policeman, and the day after that—his own debtor.

Ichak Adizes, our bud who bloomed only in the United States, and by studying self-management at that, writes in his book "How to Solve the Crisis of Poor Management" that management can be cured of inefficiency

precisely by increasing self-management(?). Any management, he claims, must perform four roles: of producer, administrator, entrepreneur, and integrator. "I concluded that an individual cannot perform all four roles by himself."

That means that everyone, even our "self-managers," needs those others. Whoever wants to succeed must optimally combine his specialized knowledge with the knowledge and abilities of experts who will be complementary for a given job. For example, someone can be completely suitable for market analysis, but not have the nerve to assume responsibility for commercial risk. Self-management is ceasing to be a universal capability, and becoming a capability for complementary action. Let us hope that it will no longer be required that a good producer become a bad director, or that the good director of some operational unit become a bad integrator of an entire enterprise. In postindustrial society, self-management is being resurrected as a function of the sociology of knowledge and action. It is just that one should work with one's head, and come to one's senses first of all, instead of investing once more in the industry of nonsense.

We should get rid of all the delusions that are drawing us back toward our "heroic" past. That is why we are not renouncing state socialism in order to accept state capitalism, but rather in order to build a social welfare state more efficiently. But what is social and what is state in our situation? "Nihil est in intellectu" that was not first—in fashion. The latest fashion is socialism suited for human beings. We want socialism suited for human beings, starting with human beings suited for the present socialism—as if that "measure of man" were a given and something voters were entitled to. Mankind has been racking its brains for tens of thousands of years over what sort of man that man is and what the measure should be for measuring him. Today's measure is emancipative individualism; all right.

Uneducated, unenterprising, and poor people, however, cannot be simply eliminated from society like old generations of televisions or computers. Whoever does not turn his neighbor into a person and make it possible for him to be a person and guide him toward self-fulfillment is sawing off the branch on which he himself is sitting. Those who will be responsible for future racial and ethnic rebellions in a Europe full of food and capital will be precisely those who are not willing today to carry out the economic and spiritual individualization of their entire population. And we, as people wishing to remain people, simply will not be able to be happy and rich in an unhappy and poor society, whether it is called a new socialism or socialism suited for human beings.

Even if we accept Herzen's claim that the "petty bourgeoisie is the final form of Western civilization," we are not and cannot all be insensitive and hotheaded bourgeois.

Possible Rehabilitation of Belgrade Law Professors Discussed

90EB0247A Belgrade NOVOSTI OSAM in Serbo-Croatian 14 Dec 89 pp 28-29

[Article by Branko Culjic: "Reinstatement of Those Who Were Written Off"]

[Text]

An Attempt To Remove the Stigma From the Law School of Belgrade University

Will Prof. Mihajlo Djuric return to the department? After the almost two decades since he was convicted of a crime because of his public statement about the 1971 Draft Constitutional Amendments and the nine months he spent in prison? The issue of his rehabilitation has finally been put on the agenda. Along with others.

During the period from 1972 to 1975, the law school went through very inglorious days. At that time, eight faculty members of that school were suspended from teaching, and then five were discharged from the school or forced to retire. This was a part of a broader campaign against the university, and during 1972, 1975, and 1976, 16 university teachers and associates (not counting faculty members of the Art Academy) were discharged from the Law School and School of Philosophy at Belgrade University.

Political Pressure

By contrast with the School of Philosophy, in the Law School they carried out the purge virtually on their own. Only Djuric left by decision of judicial authorities. That is why the issue had to be returned to the agenda of this school, although there obviously has been a great deal of hesitation before arriving at this decision.

In early November 1989, the Research and Teaching Council of the Law School adopted "Views...Concerning the Decision to Reinstate Faculty Members Discharged in the Seventies." That document emphasizes the school's bright tradition, but also notes that the school is burdened by the heavy weight of the dramatic events in 1971-1973 associated with the professional meeting of the section of the Association of University Teachers and Other Researchers concerning the 1971 Draft of Constitutional Amendments. "During that academic discussion in which 28 teachers and associates took part, several speeches were judged to be politically dubious. The Supreme Court of SR [Socialist Republic] Serbia returned a verdict pronouncing a permanent ban on distribution of the journal ANALI PRAVNOG FAKULTETA U BEOGRADU, in which all the contributions to the discussion had been published." Then followed the social and political pressure.

Dr. Kosta Civoski lost his job in 1975 when an adverse opinion concerning his reappointment was signed by members of the commission: Dr. Radomir Lukic,

Vojislav Simovic, and Pavle Dimitrijevic. He was pronounced morally and politically unfit for the job of associate professor in the Political Science Department. A vote of the instruction and research council "supported" that assessment; that is, a majority of his colleagues at that time (and probably now as well) raised their hand for Cavoski's excommunication from the school.

Just a week later, Dr. Vojislav Kostunica was also forced to leave the school in which he was to defend his doctoral dissertation ("The Institutionalized Opposition in the Capitalist Political System").

A Letter in Response to a Letter

The case of Professor Djuric and his imprisonment is well-known to the public. What is completely unknown is the misfortune of Dr. Aleksandar Stojanovic, docent in that school at the time, which was hushed up. In 1976, Stojanovic was thrown out into the street (Boulevard of the Revolution) on the basis of a professional review signed by Dr. Jovan Djordjevic, professor and member of the academy, Dr. Pavle Dimitrijevic, professor, and Dr. Dragoljub Kavran, professor. These three prestigious individuals concluded at the time that in the book with which he qualified for the title of assistant professor Stojanovic had expounded conclusions that were dubious from the standpoint of political ideology, and his views were judged to be "ideologically opposed to the political theory of socialism and the well-known views of the LCY [League of Communists of Yugoslavia]. Because of his frequently demonstrative exposition of these views, candidate Stojanovic has been expelled from membership in the LCY." On the basis of these and similar conclusions, Dr. Stojanovic was driven out of the Law School, and since that time (1976) he has been without any job at all or regular income.

Adoption of the Views of the Research and Teaching Council, which among other things noted the other day that "an awareness has finally matured today concerning the need for thorough reassessment of all those events and correction of their consequences," authorized Dr. Miroslav Petrovic, professor, dean of the Law School, in a letter to summon the teachers for a discussion (except for Stojanovic, who "rejected any contact whatsoever"). He appended to his letter to them the decision of the council referred to concerning "reinstatement of all the teachers suspended from instruction or expelled from the school in the seventies." Dr. Mihajlo Djuric, professor, and Dr. Kosta Cavoski agreed to the discussion.

Dr. Vojislav Kostunica responded to the extended hand in a letter which stated in part: "If I have rightly understood the decision of the Research and Teaching Council, the main reason for your letter was, as it is put, 'The Law School of Belgrade University has been carrying a heavy burden ever since several teachers were 'removed' from it....' The Research and Teaching Council is asking itself today, however, how after even 17 years 'the school has been unable to inform the

professional and scientific public that it could not concur in this kind of development and that social and political pressure was inappropriate.' Although it is best for the answer to this question to be sought by the one who asked it, as one of the teachers who was 'removed,' perhaps I am also able to tell you something about this.

"During all of these years, the Law School, with honorable exceptions, has had no small benefit from the 'stigma' referred to that resulted from the removal of several of its members. How otherwise to explain that precisely 'at the time of the inconceivable pressure' and the 'Golgotha' of the school so many teachers in that same school had successful careers in all domains of public life: in the highest bodies of government, various party forums, at the university, in the diplomatic service, and international organizations on both sides of the ocean, especially in those concerned with human rights? Or, how otherwise to understand the countless invitations to teachers in this school to interpret all over Yugoslavia or before the international public the deeper meaning of original legal creation such as associated labor, the free exchange of labor, the delegate system, the conclusion of self-management accords and social compacts, and so on?

"The commonplace interests of careerism of this kind can explain without great effort the many years of silence at the Law School about the events in the early seventies. I do not doubt that a fair number of faculty members of the school stand to make various gains from the present 'glasnost,' similar to those which obtained during the almost two decades of silence concerning the events in question at the Law School in the seventies.

"As I hope will be clear to you, for all these reasons I cannot respond to your suggestion that in discussion 'we establish all the relevant factors to achieve the goal which it seems we now all are striving for together.' I might in conclusion express my reason for this refusal in one sentence: Neither today nor during all these years have our goals been the same."

Honorable Reinstatement

In an interview with OSMICA, Dr. Kostunica was to explain once again his letter, which is certainly resolute: "By contrast with the silent majority of my colleagues who decided our destinies by raising their hand, I do not believe that anyone else should preserve the autonomy of the university, but it must do this itself. I am afraid that the Law School was not guided primarily by those reasons then, nor is it now, but it is coming forth to perform a service for the official policy of the day."

Dr. Kosta Cavoski responded to the invitation for discussion, and after it he wrote a letter to Dean Petrovic. He said in his letter that he was ready to return to the school under honorable conditions, to a teaching position that corresponded to his professional abilities today. "I also expect that you and your colleagues will bear in mind that I was expelled from the school as a man who

spoke what he thought and acted publicly in keeping with what he said, and that it is only as such a person that I can return to the school."

We asked Cavoski why written acceptance was necessary? "I am not quite certain how sincere all this is, although I must assume that the offer is serious. I understood from the discussion with the dean that the manner in which I would return to the school had not been defined. Although it is possible that this entire process will be over in a month, I was told that the customary procedure of announcing a competition would be respected, and that this would take at least six months. What is more, they already have two professors and two docents for the subject that I would be teaching. In any case, I want moral satisfaction. I do not want to be thinking that certain of my colleagues must look upon me as their guilty conscience over the next 17 years. In all of this, the emphasis is undoubtedly on the point that the school was to a far greater extent the victim of the events in the seventies than it was their sponsor, which certainly is not true."

As for Professor Djuric, who had just half a year left before retirement, we have been told that after his conversation with Dean Petrovic, he will "be hired to deliver a number of lectures in the general seminar

during this and the next academic years." It is possible that the professor will also be employed to teach in the postgraduate program and to serve on a number of commissions for master's theses and doctoral dissertations.

Of all the philosophers driven out of the School of Philosophy, only Prof. Miladin Zivotic has returned. This was also offered to Dr. Zagorka Golubovic and Dr. Dragoljub Micunovic (at one-third of fulltime). So, the net result of rehabilitating the intellectuals has been scanty.

The unwillingness of society, or better put the party, to engage in open democratic dialogue, and the repression which followed at that time, cannot be justified today by the mere observation that those "were other times in which other rules governed the conduct of professional and scientific discussions." If discussions are professional and scientific, then the same rules ought to apply in all times, even when the times are tough. To accept today the argument about "other times" might sound like the possibility of repeating the same story. And in that case advocating restoration of the school's autonomy and integrity is nothing more than an empty proclamation. For that matter, who is going to restore them? Surely not those who took them away?

GERMAN DEMOCRATIC REPUBLIC

Slow Pace of Military Reform Criticized

90EG0181A Bonn DIE WELT in German
20 Jan 90 p 7

[Article by Wolfgang Gessler: "We Are Ashamed To Let People See Our Barracks"]

[Text] The National People's Army's soldiers complain that military reform "is 10 years late and is moving too slowly." Discussion group in the Albert Zimmermann Barracks near Cottbus: the comrades no longer accept the black-and-white enemy image of the "aggressive forces of imperialism." They want a perestroika in their training curriculum and not merely cosmetic alterations.

The surprised soldier, in his underwear and socks, clicks his shoeless heels and yells: "Attention!". His fellow soldiers show some irritation upon suddenly seeing, in the corridor of the enlisted barracks of the Ferdinand von Schill 3d Helicopter Gunship Squadron, Chief of Staff Thomas Dippe and behind him a curious civilian. "At ease!" orders the lieutenant colonel with a slight grin and asks for the duty officer: discussion group meeting of the National People's Army in the Albert Zimmermann Barracks near Cottbus.

When on the evening of 9 October in Leipzig 70,000 people engaged in a freedom demonstration and his colleagues in the trade fair city were already drawing live ammunition, Thomas Dippe, a graduate of Dresden's Friedrich Engels Military Academy, happened to be the acting commander, was in command of 1,000 troops, 20 Soviet Mi-24 helicopter gunships and transport and reconnaissance helicopters. "That was the night my hair turned gray," says the officer pensively and recalls the "increased alert status of the squadron."

"At worst," he concedes, "I would have given the order to fire on the demonstrators, because on that occasion our situation evaluation was based strictly on military information. But the situation changed every day, even every hour. When more information became available, I would no longer have executed every order directed against the people." The officer specifically singles out Egon Krenz in talking about the "men of the turn-around," who had saved him from such a quandary. With an imploring gesture, he adds: "Few people realize how many members of the Army staff contributed to keeping the October situation from escalating."

Later, during the discussion with his soldiers, Dippe sits in the rear of the room and listens quietly as his men open up. Private Uwe Lissner feels that "if the Army had been used against the demonstrators, things would have turned out worse than in Romania." "I wouldn't have gone against our people," adds Sergeant Major Frank Ludwig. Says Private Fred Kossick of the guard company: "I cannot be forced to obey orders which violate humane conduct."

The NVA [National People's Army] soldiers no longer accept the black-and-white enemy image of the "aggressive forces of imperialism," which constantly endeavor to eliminate "the achievements of socialism."

Military reform, says Uwe Lissner, is "10 years late and is moving too slowly." The soldiers are not satisfied with cosmetic measures such as permission to grow a beard, to travel, to listen to Western broadcasts, or the elimination of the obligation to eat supper as a group. They want real, practical changes, particularly in their training schedule.

Be that as it may: the new draft law, with its reduction of military service from 18 to 12 months, presents about 300 members of the Ferdinand von Schill unit with an unexpected early release by 26 January. Also, as early as the next draft call in May, the new rules of the new civilian service law will apply; it will probably be signed by the end of this month.

Young people who do not wish to serve in the Armed Forces for reasons of faith or conscience will then be able to serve in a civilian capacity for a period six months in excess than military service. Application for this must be made by those concerned to a local draft board. In case of denial, they may lodge an appeal and request reconsideration by the courts. Defense Minister Theodor Hoffmann believes that 15 percent of those liable for military service will prefer civilian substitute service to military service. In Dresden a pilot project has been under way since November, in which 25 conscientious objectors are working in city hospitals.

But many things are still in bad shape; in Cottbus, too. "The officers sit around and drink coffee," grouses Sergeant Mario Lietz. The sergeant major complains that due to ineffective training plans there is an insufficient amount of maintenance and repair work going on. Says political officer Captain Rainer Bretschneider: "We are short of the most elementary things, even toilet paper. We are ashamed to let people see the barracks. The cars are in the parking lot, clean and broken down." Staff Sergeant Major Andreas Bergmann, crew chief of a helicopter, emphasizes that despite all the shortages, "good work is being done on the helicopters." Says Bergmann: "If there are no cleaning rags, we bring old undershorts from home."

Officers appear to have greater freedom of action, even though, in Thomas Dippe's words, "the SED-PDS [Socialist Unity Party of Germany-Party of Democratic Socialism] members still have the upper hand." But, he adds, "the nomenclatura cadres have been done away with; now even a non-SED member can get a command assignment."

The use of Army trucks for coal transport or the use of NVA helicopters for civilian rescue missions can now be authorized by local commanders. "Before," says Dippe, "we had to get authorization for this all the way up to army staff." Some consideration is also being given to reforest an NVA exercise terrain in Finsterwalde near

Cottbus as a pilot project and to transform it into an "eco-park" or a recreational forest.

Speaking of forests, here is an example of what the former state and party leadership indulged in: its state hunting grounds in the Schorfheide and in Hintersee were maintained by People's Army soldiers. For the Schorfheide hunting area alone, the state paid M 8.5 million in maintenance costs. This was where, among others, GDR Defense Minister Heinz Hoffmann, who died in 1985, went hunting. The family of former Defense Minister Heinz Kessler called vacation trips official business and used M 282,216 and DM 136,065 to fly aboard military aircraft to Cuba and Nicaragua.

Now, top soldier Theodor Hoffmann is taking credit for cancelling the ostentatious military parades. According to Hoffmann, the parades, designed to glorify the SED's old guard, were not the army's idea, and many soldiers had doubts as to whether they were necessary. Says he, looking forward to the 50th anniversary of the GDR in 1999: "Perhaps by then the Army will be so small that parades will no longer be possible." Similar estimates of the size of future GDR Armed Forces are voiced by the LDPD [Liberal Democratic Party of Germany] paper DER MORGEN. In a "demilitarized Europe from the Atlantic to the Urals" the GDR liberals think "a sort of national guard" should be enough. The SED's NEUE ZEITUNG sees the People's Army even now as "the most basic democratic disarmament army in Europe." The editorial claims that the times have gone when the barracks grounds echoed with marching songs "whose hollowness far exceeded any civilian ideas of the products of insanity." The "subordinate 'comrade,'" says the SED paper, is being replaced by "the constitutional state's 'Herr' soldier."

The relationship between soldiers and the people of Cottbus appears ambiguous. Lt. Col. Dippe can, so he says, run around Cottbus in uniform without any problem; Mario Lietz's company has entered a partnership agreement with a local youth club. On the other hand, one hears statements about "hate of the uniform," especially when it is worn by regular army soldiers. Private Kossick tells of a time recently when he was mistaken for a long-term soldier and attacked. Says his comrade Lissner: "I have been roughed up too for the same reason. I don't wear my dress uniform on the street any more. The Army has a bad reputation."

Dippe tells that the general rehabilitation of the 60-year-old Albert Zimmermann Barracks will start with the kitchen. The "old pile of bricks" can certainly use this. In the squad rooms, ten to twelve soldiers live in an area of about 25 square meters, with the walls decorated with posters of Mats Wilander or an unknown, scantily clad female tennis player. There is talk about "psychological stress" as a result of such close living. Bathrooms and toilets have seen better days.

Lt. Col. Dippe, who walks with his right hand inserted in his overcoat at heart level, moves toward the airfield,

where several helicopter hover firmly, like giant dragon flies, a few meters above the 2,000 meter runway. Farther on, Major Heinz-Dieter Jaeger and his repair crew is working on a green-camouflaged helicopter. The major has an embarrassed grin on his face, as if he wanted to say something. And what might that be? "Nothing—nothing! It's just that everything is so incredibly new for us."

Continued Efforts in Civil Defense Urged

90EG0196A East Berlin SCHUETZEN UND HELFEN
in German No 1, Jan/Feb 90 pp 2-3

[Interview with Fritz Peter, the head of civil defense in the GDR, by SCHUETZEN UND HELFEN editor in chief Hans-Martin Jaeger, on the pending reform of civil defense; place and date not given: "Civil Protection is Vital for a Modern Society"]

[Text] [SCHUETZEN UND HELFEN] Our republic has awakened for its revival. As far as state matters are concerned, much is being thought over and to a large extent modified. In this context, what is the situation with respect to civil defense in the GDR, will it perhaps lose some of its importance because of new social priorities?

[Jaeger] In my opinion, there are really no cogent reasons why this should be so. On the contrary, civil defense, or, to use the better term, civil protection, for now and in the future, is indispensable in our country as well so as to protect life and property from natural disasters and technical catastrophes. Despite many efforts, the potential for danger from calamities such as these has unfortunately not diminished. Let us just take coastal flooding and storm-caused flooding as an example. In our republic, more than 1.7 million citizens living in 1,070 cities and villages with 560 plants and 1,300 collective farms could be affected by their devastating effects. But other extreme weather conditions such as a severe frost or an extended drought are also known to pose great dangers. In an industrial state such as the GDR, additional risk factors lie in the extensive employment of material-altering and energy-creating processes. I would only like to point out that, in many companies, toxic materials such as chlorine, ammonia, hydrogen sulfide or hydrogen chloride, and many more, are stored, processed, and transported.

Between 1982 and 1987 we registered 548 incidents of a catastrophic nature as well as 365 serious accidents involving losses. That, too, we must now keep in mind as we set about reforming civil defense into a civil protection, one which, under the conditions of a radical restructuring of social conditions in the GDR, will be able to carry out its protective mission in harmony with all significant social forces.

[SCHUETZEN UND HELFEN] But, in the process, should the international aspect not also be taken into account?

[Jaeger] Definitely, just take a look at specific United Nations resolutions and, in this connection, the Second International Congress for the Prevention of Catastrophes in Havana and the CSCE environmental protection meeting in Sofia. Some remarkable impulses emanated from both forums as regards the importance of civil and catastrophic protection in our time and the preventive and coordinated activity required by this protection. These thoughts entered into our reform efforts in the same way as pertinent civil defense experiences did, especially those of our neighboring countries. For example, leading personalities of our civil protection had the opportunity, during the past several years, to familiarize themselves with the theory and practice of civil protection in the USSR, Hungary, Bulgaria, Austria, Finland, Switzerland, and Sweden.

[SCHUETZEN UND HELFEN] Civil protection will surely not need to be completely newly invented. But what features are being emphasized in the ideas on restructuring?

[Jaeger] For one thing, we are going to let ourselves be guided by the thought that the protection of human beings as the most valued element of society, as well as their material and cultural possessions, against hazards of all kinds should be a humanistic concern of the state as a whole and an imperative constitutional dictate for the benefit of all citizens. Based on that, I think, civil protection, even more unremittingly than in the past, should be directed at protective measures, the rendering of assistance, and assuring state control during natural disasters and technical catastrophes. As a result, it should embrace all those measures needed to protect the citizens as well as material and cultural assets against dangers, plus the measures needed for the professional rendering of assistance in case of accidents, which [measures] necessitate, at every state and economic supervisory level, a coordinated activity by personnel and resources, as well as a complex command system. In the process, we will at all times have to observe this nationally and internationally proven principle: The concept of protection can be implemented only as an integral component of state control.

[SCHUETZEN UND HELFEN] What changes in the control structures would be associated with the reform?

[Jaeger] Our main premise is that the reform must lead to substantially higher efficiency and thus effectiveness of the protective measures. For that reason, we need unbureaucratic, scannable control structures which will make it possible to carry out command tasks competently, on the proper legal basis, as well as with a significantly reduced expenditure of finances, materials, and personnel. In view of that, we consider the special part-time civil protection control organs in the cities and municipalities, as well as in plants and facilities, to be appropriate only if the planned protective and combat measures cannot be implemented by the state or plant command centers already in existence.

[SCHUETZEN UND HELFEN] And what would that look like at the top?

[Jaeger] Just as in other countries, civil protection should be controlled by the government with the help of a special organ, which could be manned by personnel recruited from the current Main Department for Civil Defense. This staff could conceivably be subordinated directly to the Council of Ministers or assigned to one of its ministers. In any case, it would mean that civil defense would be removed from the competence of the Ministry of Defense.

[SCHUETZEN UND HELFEN] What do you perceive the field of activity of the civil protection control organs to be?

[Jaeger] It would probably continue to be so extensive that it could only be dealt with in productive cooperation with the appropriate specialized sectors of the state and the economy. It would most certainly go beyond the scope of this conversation if I were to try to cite all the tasks. I would therefore like to content myself with just a few, e.g., with the requirements for coordinating the analysis of the hazards in the workplace or territory and for planning and organizing protective and assistance measures, for controlling the subordinate personnel and their training, etc.

[SCHUETZEN UND HELFEN] While we are on the subject of operating personnel, will they still be needed in the future?

[Jaeger] We will of course need—as will most countries, by the way—a fully functional, in other words, quickly employable and well-equipped system for damage prevention or control during serious incidents, as well as for rescue and assistance purposes. In my opinion, this system should include, first of all, the already available personnel, who are playing an active role in the implementation of protective measures and in rendering assistance in our land. By that I mean the personnel of the fire departments, the technical infrastructure, the plant damage control, the SMH [expansion unknown], the German Red Cross of the GDR, etc. In addition, we need special civil protection personnel to guarantee proper control, to render protection and assistance, for direction-finding, as well as for rescue and salvage purposes.

The question as to what civil protection personnel groups are to be created at what locations can best be decided by the local state organs or people's representatives and the plant directorates, whereby the type and scope of potential hazards as well as central instructions would naturally have to be taken into consideration. As far as the cooperation in these formations is concerned, we are going to stick to the time-tested principle of voluntariness. Members of existing formations are called upon to assist in giving contours to the new civil protection operating personnel, for they have the know-how, the experience, and the necessary motivation. Needless to say, the employment of army units, for disaster

control, among other things, will also have to be taken into consideration in the future. For example, in case of forest fires, flooding, weather-related catastrophes, etc. The civil protection system in the GDR is just as dependent on such assistance as are other countries.

[SCHUETZEN UND HELFEN] Under the aspect of higher effectiveness and reduced social expenditures—what consequences would this have for the training of the various population groups, which so far has been characterized by considerable formalism?

[Jaeger] Here we intend to limit ourselves to the really essential, to that which the citizens will accept, therefore. Included here is honest and comprehensive information given at regular intervals about possible hazards at the workplace and at home, as well as measures to be taken for their protection. What is surely also indispensable is the work-related qualification of the apprentices, skilled workers, masters, as well as students at the universities, colleges and technical schools, so that they can cope with accidents at their future place of work. But we will also have to give thought to the training of those cadre personnel of the state and the economy who are responsible for the prevention, defense against, and control of catastrophes.

For reasons of effectiveness, we are generally in favor of integrating the concerns of civil protection into the existing systems of general and vocational training as well as into university and technical school studies.

[SCHUETZEN UND HELFEN] Could you perhaps give us a few words about training facilities?

[Jaeger] I think that they would occupy an extremely useful position as centers of education and consultation for the full-time and honorary civil protection cadre members, and in addition as a place for colloquia, conferences, technical counseling, and other things of this nature. And surely we will also have to ponder whether, in the future, the capacity of one district school might not suffice to meet the qualification requirement of two smaller, adjoining districts, similar to what is already planned for the districts of Neubrandenburg and Schwerin and for the districts of Cottbus and Frankfurt/Oder.

[SCHUETZEN UND HELFEN] At the outset you spoke of international disaster control and environmental protection conferences. This brings up the associated question of activities extending beyond our borders.

[Jaeger] We will very definitely make an effort to work together in a goal-oriented fashion and to freely exchange experiences with counterpart organizations of other countries which display an interest, particularly the neighboring states in East and West. Aside from this, the responsible specialized organizations of the United Nations, such as UNDRO [Office of the United Nations Disaster Relief Coordinator] and ECE [Economic Commission for Europe], will be able to count on our contribution. Thought is also being given to the preparation by

civil protection organs, on behalf of people's representatives, of binational and multinational agreements which will include the assistance to be given in the event of natural catastrophes and supraregional effects of industrial accidents.

[SCHUETZEN UND HELFEN] So far you have hardly used the designation "serious accident." Why is this?

[Jaeger] I spoke instead of a technical catastrophe. This designation is better-known internationally than the concept of serious accident, even though both terms are semantically more or less identical. For in any case the terms refer to an accident which has serious consequences for the territory outside the plant.

[SCHUETZEN UND HELFEN] As the civil defense chief and publisher of SCHUETZEN UND HELFEN, where do you see the future role of this magazine?

[Jaeger] In my opinion—and here again I am in conformity with the practice in other countries, be it Austria, Switzerland, Poland, or the FRG—a specialized publication is indispensable for civil protection command personnel at all levels. They need a periodical so as to be able to orient themselves at regular intervals to new requirements and lessons learned, as well as to be able to exchange, plainly and extensively, experiences, ideas, and solution variants for protection against catastrophes and, tangential thereto, for the protection of the environment. At the same time, I would like to view the magazine as a forum which contributes to democratic codetermination as well as to public control of civil protection.

SCHUETZEN UND HELFEN should be accessible to everyone here and abroad who has something useful to offer on this subject.

[SCHUETZEN UND HELFEN] In closing, this question: How is the reform process to go on?

[Jaeger] As a part of the findings resulting from intensive research and reflections by working groups on the topics of tasks and structure of civil protection, the conferment of status to the operating personnel, the organization of the training, the drafting of a civil protection law, plus other things, whereby proposals, suggestions and ideas from the grass roots level are to serve as an input, a detailed reform draft is to be submitted to the responsible agencies in the first quarter of the year—in other words, to the government as well as to the political parties, mass organizations, and movements and groups loyal to the constitution, to the extent that they want it.

Finally, the draft of a publicly debated new civil protection law should be proposed to the People's Chamber. The democratic renewal process of civil protection thus takes place transparently and publicly. We are receptive to all ideas and suggestions from anyone who wants to help develop the humanistic basic concern of civil protection for the benefit of our citizens and their safety. It was for that reason, too, that the journalists present at

our discussion with journalists in Berlin-Buch in early December were given a copy of the initial reform paper.

[SCHUETZEN UND HELFEN] Thank you for this detailed conversation.

POLAND

National Defense Committee Presents 1990 Defense Doctrine, Aims

90EP0385A Warsaw ZOLNIERZ WOLNOSCI in Polish 26 Feb 90 pp 1-8

[Article by National Defense Committee: "Defense Doctrine of the Polish Republic; Warsaw, February 1990"]

[Text] At its session on 21 February the National Defense Committee, acting pursuant to Article 5, Paragraph 2, Point 1, and Article 6 of the Decree of 21 November 1967 on the National Duty of Defending the Polish Republic, adopted the "Defense Doctrine of the Polish Republic." As outlined therein, the general directions of Polish defense policy are binding on agencies of state, economic entities, social and occupational organizations, and every citizen.

The National Defense Committee has decided to make public the complete text of the "Doctrine" in the mass media and to publish it in DZIENNIK URZEDOWY RZECZYPOSPOLITEJ POLSKIEJ 'MONITOR POLSKI.'

(Extract) Resolution No. 1/90 of the National Defense Committee Concerning the Defense Doctrine of the Polish Republic

Pursuant to Article 5, Paragraph 2, Point 1, and Article 6 of the Decree of 21 November 1967 on the National Duty of Defending the Polish People's Republic [This is the only time in the text that "People's" is inserted] (DZ.U., No. 30, Item 207, 1988; revised in No. 20, Item 104, 1989, No. 29, Item 154, 1989, and No. 34, Item 178, 1989), the National Defense Committee resolves as follows:

Paragraph 1

The "Defense Doctrine of the Polish Republic" constituting the Appendix to this Resolution, is adopted.

Paragraph 2

The "Defense Doctrine of the Polish Republic" outlines the general directions of defense policy that are binding on agencies of state, economic entities, social and occupational organizations, and every citizen.

Paragraph 3

This Resolution is subject to publication in DZIENNIK URZEDOWY RZECZYPOSPOLITEJ POLSKIEJ

'MONITOR POLSKI.' The "Defense Doctrine of the Polish Republic" is also subject to being made public in another way....

Paragraph 4

This Resolution takes effect on the day of its adoption.

Chairman of the National Defense Committee: [signed]
General of the Army Wojciech Jaruzelski.

[Appendix] Defense Doctrine of the Polish Republic

The paramount aim of the Polish Republic is to safeguard the most vital interests of the Polish Nation—its security, the right to live in peace, national independence and national sovereignty, and the integrity and inviolability of its territory.

Subordinated to this aim is the defense function of the state, as defined in its defense doctrine, which presents the official interpretation of the nature and scale of the possible peril to Poland's security and the measures indispensable to an effective prevention and counter-acting of these perils.

The defense doctrine of the Polish Republic ensues from the Polish *raison d'etat*. It allows for the moral, demographic, and economic potential of the state as well as for the country's geopolitical and geostrategic location. It draws on experience gained in the more than a millennium-long history of Polish statehood and from the glorious traditions of all orientations of armed struggle and Polish fighting formations. Bearing in mind the objective, historically and contemporarily conditioned nature of the interests of the Polish Nation, it also takes into consideration the actual stipulations of the jointly agreed upon coalition [Warsaw Pact] defense doctrine.

I

It ensues from Poland's place on the European continent, from common historical experience, from civilizational and cultural ties, and from requirements of national security, that the destiny of our country is closely linked to the situation in Europe.

It is precisely on this continent that divisions and conflicts continue to exist. Despite the fundamental progress in international relations, the lack of trust has not yet been fully overcome, especially between the NATO alliance and the Warsaw Pact alliance. In the central part of the continent the situation may still take a long time to crystallize. It is there, too, that the largest troop groupings and arsenals of continually perfected nuclear and conventional weapons are sited. Such circumstances do not warrant definitely precluding the risk of armed conflict in Europe and affect its possible nature.

An eventual conflict could spread to the entire Europe or its part and it would be of an inter-coalition nature. It also might produce repercussions on the world scale. It

might be preceded by a period of international tensions, or it might commence by surprise. It would be characterized by the unfolding of events difficult to master. There would arise the danger of its transformation into a conflict with a limited or unlimited use of nuclear weapons. The possibility that these weapons and other instruments of mass annihilation might be used already at the very outset of combat operations cannot be entirely precluded either.

II

The defense doctrine of the Polish Republic is a function of the national security policy.

It allows for the positive tendencies in the political situation of Europe, the process of the democratization of international relations, and the nascent new forms of cooperation among all nations and states.

This policy is intended to build mutual trust, to create an atmosphere favoring cooperation in all domains, and to promote further positive reappraisals of the political-military situation in Europe.

The foundation of the Polish defense doctrine is safeguarding the country's territorial integrity. The Polish Republic considers the immutability and inviolability of its present frontiers to be an essential premise for peace on the European continent. Questioning the permanence and stability of Poland's western boundary is tantamount to undermining an essential element of the European order.

The foundation for the security of the Polish Nation is its Armed Forces, a properly prepared organism of state, and a society that is aware of defense needs. An important element of this security continues to be Poland's bi- and multi-lateral alliances and its membership in the Warsaw Pact, although their role may change in measure with the building of the new all-European security system.

The defense system of the state is prepared to oppose an eventual military aggression. This system comprises the political-social, administrative-economic, military, state-protection, and civil defense domains.

A mandatory principle in shaping Poland's defense is public participation in defense policy. This means, on the one hand, creating the proper climate for affairs of national defense, promoting the civic feeling of responsibility for its condition, and on the other, assuring the society's influence on the pursuit of this policy by the agencies of political power.

The defense of Poland is a national and common cause. The defense of the Fatherland is the duty of all citizens of the Polish Republic. Its organization and the preparation of citizens and national wealth for an eventual war and for the performance of other tasks as part of the common duty of defense is handled by all the bodies of state

power and state administration as well as by local governments, economic entities, and social organizations.

III

The Polish Republic recognizes the close relationship between national and international security.

Hence the need for mutually advantageous participation in international processes, particularly in those occurring in or concerning Europe, and for influencing these processes.

Strengthening the durability of peace and preventing war is a fundamental purpose of the foreign policy of the Polish state. International conflicts and crisis situations should be resolved exclusively by peaceful means.

In its defense assumptions Poland guides itself by the principle of the peaceful coexistence of all states and nations. It adheres to the norms of international law.

Applying its defense doctrine, Poland places special emphasis on the principles of national sovereignty, inviolability of boundaries, noninterference in domestic affairs, and fulfillment of adopted obligations, inclusive of adherence to the law of armed conflicts and its humanitarian norms.

Poland considers the United Nations Charter and other international agreements to be important elements of the security system. Poland respects the Final Act of the Conference on Security and Cooperation in Europe.

In accordance with the United Nations Charter Poland renounces resorting to force or to the threat of resorting to it in international relations. Under no circumstances will she commence combat operations against another country or alliance of countries, and she shall take no part in a war unless she herself or her allies become the object of armed aggression.

In the event of an aggression Poland shall, in conformity with Article 51 of the United Nations Charter, employ such forces and resources as she will consider necessary in a particular situation.

The declaration of war may be passed by the Sejm in a situation and conditions defined in the Constitution of the Polish Republic. When the Sejm is not in session, the declaration is issued by the President.

The Polish Republic has no territorial claims and considers no country as its enemy. It supports the demilitarization of international relations and their de-ideologization, as well as a complete and lasting political and military detente in Europe and the world.

Poland considers the creation of a system of mutual guarantees and obligations precluding the growth of all kinds of conflict into war as an important means of preventing war. In the future such a system should put an end to the arms race and the existence of opposed

alliances in Europe. Underlying it should be principles and values acknowledged to be of cardinal importance to all mankind.

Achieving this goal, which consolidates the stability of the situation on our continent, requires a continuing adaptation of military structures to actual defense needs. Also necessary are exclusively peaceful political, and legal methods for settling disputed issues and the evolution of a nonconfrontational model of collective security in Europe.

This is linked to curtailing military budgets and correspondingly reducing the size of the armed forces and making them unequivocally defense-oriented.

Poland supports greater openness of military activities and their restrained conduct. It considers warranted the maintenance by the various sides of only such armed forces as would assure the indispensable defense self-sufficiency and would at the same time lack the capacity for carrying out acts of sudden aggression and conducting offensive operations.

Poland also supports an evolution of the military doctrines of all countries that should result in turning them into doctrines of a closely defense-oriented nature. Such an evolution should be concretely reflected in both the size of armed forces and the shape of their organizational structures, as well as in their equipment and deployment, in the processes of mobilization, in operational concepts, and also in the training of commands, staffs, and troops, and in the education of soldiers. A major yardstick of the evolution of these doctrines may be the index of decrease in military expenditures and in arms production.

The Polish Republic is making and shall continue to make broad contributions to attaining these aims by actively participating in the negotiations leading to the growth of mutual trust, detente, and cooperation in Europe.

Poland is opposed to all forms of arms race, particularly as regards nuclear weapons and the means of their conveyance as well as the latest generations of conventional weapons. Poland also supports liquidating the stockpiles of weapons of mass annihilation and prohibiting their production and application. She is opposed to the placement of any armaments whatsoever in outer space.

National security is strengthened by the domestic policy of the Polish Republic. The adaptation of the structures and functioning of the state and the economy to present-day needs of national growth and to the processes occurring in Europe and the world is viewed by Poland as a fundamental element of that security.

The state's domestic policy allows for educating the society in the spirit of peace, promoting its patriotic and defense awareness as well as respect for all nations and for their democratic roads of development. It also is oriented toward promoting the rallying of the Polish

Nation and all communities and social groups round issues of paramount importance.

IV

The Polish Republic is building its defense potential in conformity with the country's economic potential, on following the principle of combining defense goals and tasks with economic ones.

The related measures are to assure the indispensable level of defense production and the accomplishment of mobilization tasks. At the same time, the national economy is being prepared, in the event of war, to enhance its production effort and render services to national defense. As part of these preparations, the indispensable stockpiles are being accumulated by the state, especially stockpiles of materials and equipment, and in particular raw and other materials for the needs of the civilian population, the armed forces, and manufacturing plants.

V

The principal element of the defense system is properly equipped and trained Armed Forces of the Polish Republic. They are forces of the entire nation. As inheritors of the traditions of the struggles for national liberation and independence, they serve the nation.

Their main purpose is to safeguard national independence, sovereignty, and security and the inviolability of the frontiers of the Polish state. They stand watch over peace, and in the event of aggression they repel it by waging—independently or in concord with allies—defensive operations.

The armed forces are organized in accordance with the principle of the indispensable defensive self-sufficiency. The nature of eventual military threat is such that safeguarding Poland's defensibility requires a smooth meshing of all branches of the armed forces and all kinds of services, with priority given to the forces expected to implement the tasks of air, antiaircraft, antiarmor, and anticommando defense.

Poland's Armed Forces consist of three branches:

- the Army;
- the Air Force and Antiaircraft Defense Troops;
- the Navy.

The Army, which is the core of the Armed Forces of the Polish Republic, is designed to repel—in cooperation with other branches of the armed forces—the attacks of the aggressor and deprive him of the possibility of continuing combat operations.

The Army should chiefly evolve in the direction of strengthening antiarmor, antiair, antiaircraft, and anticommando defense, as well as safeguarding adequate firepower and maneuvering ability serving to wage active defensive actions independently or as part of the coalition.

The Air Force and the Antiaircraft Defense Troops are the branch of armed forces with the highest degree of combat readiness.

Their main purpose is to safeguard—in cooperation with the allied [Warsaw-Pact] antiaircraft troops—a firm defense of the territory of the Polish Republic, and above all to prevent enemy air reconnaissance and air attacks on important regions, facilities, civilian population, and troops. They also should be ready to protect and support fighting by the Army and the Navy.

The training of these troops should result in assuring an effective recognition and destruction of means of air attack, inclusive of homing projectiles flying at low and extremely low altitudes.

In peacetime designated forces of these troops stand combat watch.

The Navy is prepared to participate in defensive operations on the Baltic Sea, particularly for the protection and defense of the Polish sea zone as well as in support of the Army in defense of the seacoast of the Polish Republic.

The combat potential of the Navy should be assured by equipping it with indispensable fleet units of a defensive nature and by means of a suitable training.

Of major importance to maintaining the combat potential of discrete branches of the armed forces is the organization of an efficient command and technical-special and rear support, handled by the forces and resources of the technical and quartermaster services on utilizing the allocated potential of the national economy.

In peacetime armed forces are maintained at a particular level of combat readiness. Their size is much smaller than in wartime but it assures the possibility of a rapid mobilizational and operational expansion.

The numbers of troop personnel in peacetime and the status of tactical units and subunits as well as the system for their complementation vary depending on the tasks envisaged in wartime and the state's economic and demographic potential.

The conversion of the armed forces from peacetime structures to wartime ones is accomplished through their mobilizational expansion. This consists in the planned incorporation into existing or newly formed military units of particular reserve personnel and corresponding numbers of automobiles, machines, aircraft, fleet units, and material stockpiles accumulated in the armed forces and the national economy. In peace time the principle of rational utilization by the national economy of the resources anticipated for the armed forces in wartime is mandatory.

Complementing the mobilizational needs of military units is organized on the territorial principle. In this process not only the military elements in the chain of command and management must take part but also

particular agencies of state administration and local-government and other organizational units.

A major element assuring the efficiency of mobilizational expansion and combat potential of the armed forces is the planned preparation of properly trained reserve personnel and their rational utilization in complementing military units.

The Polish armed forces are—as long as needed for various reasons—based on the system of mandatory military service. The proportion of the professional cadre in these forces will, however, systematically rise.

VI

The Armed Forces of the Polish Republic shall take no action that might cause justified anxiety of other countries about their security.

It is not in Poland's interest to maintain armed forces outside its boundaries. However, the Polish Army, translating into reality the state's peaceful policy, participates in the actions of the forces of the United Nations Organization and other similar actions intended to safeguard peace in various regions of the world in accordance with international law. The extensive participation of Polish soldiers in international peace missions is testimony to the high prestige of the Polish Army.

The superior of the armed forces is the President of the Polish Republic. The Supreme Commander of the Armed Forces of the Polish Republic in wartime is appointed by the Sejm.

In the event of war an appropriate operational grouping, remaining under national command and acting as part of the United Armed Forces of the Member Countries of the Warsaw Pact, is isolated from within the Armed Forces of the Polish Republic. The authorities of the Polish Republic, as represented in the command bodies of the United Armed Forces by representatives of the Polish Army, retain their influence on decisions affecting the use of that grouping in consonance with national interests.

VII

The effectiveness of defense preparations in peacetime and the successful accomplishment of tasks in times of peril and war hinge to a large extent on the state of State security.

This is based on adherence to rule of law by agencies of state and other organizational entities as well as by social organizations, and on an effective prevention of actions impairing the functioning of the defense system of the Polish Republic.

Specialized agencies of State security, closely cooperating with other State bodies as regards national defense, take part in measures relating to counteracting external perils and safeguarding the conversion of the State,

including the Armed Forces of the Polish Republic, from peacetime to wartime status.

VIII

A major and vital element of national defense is civil defense. It is being prepared for both peacetime and eventual wartime activities.

In peacetime the civil defense command and the forces and resources of civil defense take part in protecting the population and natural environment against sudden and extensive perils arisen owing to the action of forces of nature or breakdowns of engineering installations, particularly when these cause radioactive contamination or contamination by toxic chemicals, as well as against catastrophic fires and floods.

The peacetime system for early warning of the population about perils is formed by constantly maintained detection, warning, and alerting subsystems. The degree of the readiness of civil defense to take part in protecting the population and natural environment in peacetime is a yardstick of its readiness to accomplish its purposes in wartime.

In the event of war, the purpose of civil defense is to protect the population, workplaces, municipal services,

and works of culture, and to rescue and assist casualties. This is promoted by the preparation of a detection, warning, and alerting system, as well as by protective structures and shelters, the evacuation of the population from the areas most menaced by combat operations, the provision of means of protection against contamination, and the rescue of victims.

Civil defense is based on coordinated action by correspondingly organized forces and resources of all national and local agencies of state administration, local governments, and other organizational units, as well as on the outgoing commitment of the entire society to defense.

The efficiency of action of the civil defense command and forces at all organizational levels is assured by means of specialized training in the system of national education, at specialized centers, and at local units of state administration and workplaces.

IX

The tasks for discrete elements of state power and administration ensuing from the defense doctrine of the Polish Republic are defined by the constitutional bodies with powers proper to affairs of national defense and security.

CZECHOSLOVAKIA

Alienation From World Economy Discussed

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Czech 8 Dec 89 pp 1, 3

[Article by Ludvik Uebl and Richard Wagner: "Can We Overcome Our Alienation From the World Economy?"]

[Text] In the course of the ongoing restructuring of the Czechoslovak economy, it is natural that demands for closer contacts between our country and the world economy, for entry into the international division of labor particularly with respect to socialist countries, and for the development of foreign trade with all interested partners on an equal basis and to our mutual advantage are being heard. Several interesting items on this subject have been prepared, some even published, and large quantities of data and information on the present condition has been accumulated. Nevertheless, the significance of the Czechoslovak foreign economic relations problems remains largely underestimated.

As a matter of fact, Czechoslovakia has not developed any external economic relations which would be an integral part of the three principal groups of economic manifestations and processes: international exchange of goods and services, international movement of capital, and international movement of labor.

Of the entire complex of these relations, only the group of international goods exchange can be considered as being relatively developed, although it involves only a simple foreign trade exchange which is not based on the international division of labor and which is developing in a wholly utilitarian manner under the influence of immediate and basically natural needs and, to a considerable extent, also under the influence of noneconomic factors. The relationship with the CEMA countries is more one of distribution rather than of trade.

As far as the international movement of capital is concerned, it can be stated that it is not understood as one of the integral parts of modern economy because Czechoslovakia's participation in it was and is heavily colored by ideological and other noneconomic concepts. Instead of an efficient use of capital movement in the development of the national economy, the relatively small foreign indebtedness of Czechoslovakia is praised as being positive. Currently, however, frequently excessive importance is being attributed to the so-called active influx of foreign capital in the form of establishing joint ventures. In this regard, international experiences indicate that this form of capital movement is more or less supplemental since its overall volume does not even exceed 6 percent. Moreover, Czechoslovak practice tends to confirm that foreign capital is not exactly falling over itself to finance joint ventures.

And, finally, our share in the international movement of labor continues to be a zero item. The sojourn of foreign

workers in the Czechoslovak economy is being shamefully connected with some kind of "aid to fraternal countries" and is bureaucratized into an unhealthy and primarily uneconomical condition. As far as the share of Czechoslovak citizens in the international movement of labor is concerned, the situation is perhaps even worse because we are witnessing an absurdity in which the unofficial movement of Czechoslovak labor (emigration) exceeds the volume of official mobility.

Barriers and Points of Departure

It is, therefore, not surprising that, under these circumstances, the measure of the intensity of our foreign trade (that is to say, the value of exports recomputed on a per capita basis) is inadequately low and is estimated to be about \$1,300, whereas, in smaller Austria, it is \$3,000 and in the Netherlands, up to \$5,500. No matter that the calculations pertaining to the extent of openness of the Czechoslovak economy are only orientational, estimates of its magnitude of 12 to 15 percent (that is to say, the expression of the share of exports in the gross national product [GNP]) constitute a warning, as does the forecast goal of around 20 percent in the year 2010, when the same estimate for comparable Western economies is already between 30 to 40 percent.

Possibilities of such increases under unchanged conditions remain purely theoretical.

Concurrently with the crisis and criticism of the CEMA concept, in which marketing values, economic manifestations, and processes were replaced in external economic relations by a kind of payment-in-kind utilitarian exchange of goods according to agreements concluded at the government level, a solution has begun to crystalize at the national and international levels. These points resulted in new premises from the viewpoint of foreign economic relations. The principal ones in this regard can be considered to be the following:

- there is only one world economy and the socialist economies are its integral part;
- international economic relations are generally valid relations into which ideological considerations cannot be introduced without negative impacts;
- external economic relations are a part of every national economy and their extent, function, and utilization are determined primarily by the degree of economic maturity and by other objective requirements;
- the necessity to return to purely economic relations is valid even with respect to foreign trade relations;
- the form, extent, and intensity of economic cooperation are the results of a possible synthesis of the character of the economies even in the socialist countries, including objectively judged differences in their requirements and interests.

In developing the basic reforms of Czechoslovak foreign relations, the most important thing is to proceed from the awareness that we can only become a part of the world economy and of international economic relations

if we become "tuned to the same frequency." This means that our economy will have to become more economically oriented, that is, to a marketing mechanism which would eliminate the existing estrangement between it and the world economy.

In this respect, the difficult problem of convertibility or the realistic rate of exchange for the Czechoslovak currency becomes crucial in restructuring the external economic relations. Under the general term of making the economy more economically oriented, we mean the creation of conditions for the functioning of economic laws, for the recognition of the verity and priority of the economic categories, its tools, and its methods. If the absence of objective economic categories in our economy makes its analysis a rhetorical interpretation of administrative measures, then in tying our economy to the world economy and to international economic relations, we would be totally blind to act without these tools. In the confrontation between our and international economic processes, that is to say, within the process of implementing the market economy, the absence of our currency as a market-determined tool represents a principal shortcoming; in many instances, it gives rise to justified questions regarding the actual results of this process. The method of arriving at currency values based on world prices, as is the case with respect to prices in CEMA countries, is a poor substitute with resulting unfortunate consequences.

No less topical is the requirement to approach foreign economic relations as one unit, the function of which is an improper distortion caused by the artificial "amputation" of some of its aspects. It is not possible to develop and functionally utilize an effective international exchange of goods and services without interaction with the international movement of capital and manpower. If anything, this is the area where it is particularly important to rid ourselves of ideological ballast with all of its uneconomic approaches.

The situation is similar with respect to the international movement of labor. If we insist on only the entry of Czechoslovak citizens into this process, it would be very instructive to quantify the possible effects of this entry for our national economy by increasing the qualifications, the transfer of know-how, the economic effects of intellectual property, and the not insignificant effect of the foreign currency contribution from remittances.

Respecting the Logic of the Marketplace

As far as actual foreign trade is concerned, an important task is the transformation of this activity into a form of external causes in the international division of labor. The existing simple exchange of goods was not based on this foundation and was, thus, a mere manifestation of activities of the central planning institutions with all the resultant subjective estimates. A market-oriented restructuring of the economy, together with a transfer of a determinant position to the enterprise sphere is a step in the right direction. However, the problem lies in the

fact that the existing procedures are unreal as though taken out from the causal rules of the game where it is first necessary to create a national economy-wide market mechanism and only then shift the weight to the enterprise sphere. Otherwise—and we are witnessing this—the changing of the name to state enterprise is merely a formality, since their actions are constricted by non-market and, thus, nonentrepreneurial approaches of a command economy.

Another manifestation of this abnormality is the still unsuccessful search for new forms of foreign trade. Coproduction, not to mention higher forms of economic cooperation (joint ventures, free trade zones, etc.), are directly related to the processes of market mechanism and efforts to constitute it without this market base are predestined to fail.

Another artificially pointed question is the specific form of the foreign trade organization. By actually integrating our economy with the world economy, which will be neither a simple nor a short-term process, rational and modern forms of conducting foreign trade will prevail and the foreign trade monopoly will disappear like the obsolete, historical form that it is. Until then, it is necessary to expect a continued presence of strong subjective concepts relating to this problem. However, with advancing market economy, this subjective element will weaken and measured economic results will emerge as a criterion of the foreign trade transactions. Under the economic pressure, enterprises themselves will learn when it is more advantageous for them to organize and manage foreign trade activities on their own and when to let specialized institutions take over.

Integration—With Whom?

If the application of market mechanism and creation of economic coordination in the central and enterprise sphere (the plan and the market) with the necessary decentralization and entrepreneurship contribute to the development of international division of labor, then serious obstacles which stand in the way of this development are also known to exist. The critical question is: What type of international division of labor and with whom?

At first glance, the answer seems to be simple—with the CEMA countries and, particularly, the USSR. But the actual problem is far more complicated. International division of labor is the subject of internationalization of national economies—which has a general validity. However, this process is specific for a given period of time and for a given degree of economic internationalization depending on the actual form in which this process will become institutionalized. Currently, economic integration is an adequate form. But, many errors occur here in that various forms of ongoing economic internationalization, primarily integration and cooperation, are being confused. Entry to integration is not a matter of a purely subjective desire. Existing integration, at this time primarily the most highly developed form, namely the

European Economic Community, illustrates that the entry is linked to a number of economic and noneconomic requirements.

One of the primary prerequisites is an achieved economic standard on the part of the joining country and perhaps of an even higher priority, its economic size. Both of these factors mutually delimit the objective possibilities for integration which, from the point of view of the international division of labor, means the possibility for making a transition to a higher form (from specialization through cooperation and a combination of the two by the creation of a unified market and a future united economy). International experience indicates that the process of creating a unified and internationally effective economic grouping is extremely complicated because it cannot avoid reflecting the needs and interests of the individual national economies. Moreover, real economic integration also gives rise to other than purely economic sides of life among the integrating nations, ranging from political through military and cultural considerations, etc.

Economic integration which intensifies the international division of labor means the integration of parts of national economies into a jointly and uniformly operating unit. On the other hand, economic cooperation, despite the fact that its economic results can be very large, does not contain this element. Thus, it is more appropriate where two partners enter into a cooperation or where one partner, for a variety of reasons, does not wish or cannot allow his economy, or even a part of his economy, to be diffused into a joint economy. This is clearly applicable to both superpowers—the United States and the USSR—but it causes many problems even where great powers enter in the integration process; they always carry with them a tendency toward converting the smaller members of the integration into their own components.

A natural prerequisite for economies which are integrating is the similarity of their economic systems which can be either complete or can be a close one.

If we apply integration experiences and findings to the current problem of economic restructuring of Czechoslovakia, we find that this restructuring is colliding with the narrow limits of realistic opportunities presented by a transformation of CEMA into an economically integrated unit. On the one hand, autarchy predominates in our economy with regard to its openness, as a result of the present-day CEMA system, which is the same in other CEMA member countries. However, only the USSR can develop its economy along these autarchic lines whereas for the other European socialist countries, such a policy is suicidal. Nevertheless, for the immediate future, it is necessary to accept the fact that an autarchically oriented economy of the CEMA countries will be a large obstacle in the deepening of international division of labor which can be overcome only with great difficulty, even in the case that the governments of these countries will become aware of the inevitability of

mutual economic integration. Any concept of the development of economic cooperation between smaller autarchic economies of the CEMA countries and the developed integration of 12 West European countries are absurd.

A similar situation pertains to the idea regarding the possible entrance of some CEMA countries into the European Economic Community. There can be no talk of this possibility until at least 1993, something which neighboring Austria is finding out. Tie-ins with other West European groupings, such as the European Free Trade Association, do tend to appear to be theoretically more feasible, but could be achieved in the foreseeable future only with difficulty.

The entire problem of economic cooperation in Europe is, thus, open and is appropriately the subject of many different views and concepts. It is, moreover, made more complicated by the Soviet proposal for the creation of a common European house from the Atlantic to the Urals which, among others, confronts Czechoslovakia with the question of its apartment in the proposed house.

An Integrated Europe

In our opinion, it is necessary to proceed from the idea that an economic Europe already exists and that there will be an integrated Europe in the future. Given the existing economic, but primarily political-military status, it is clearly possible to consider the parallel existence of three integrations—the European Economic Community, the European Free Trade Association, and the integration of the six central and east European countries, the current CEMA organization, to be the optimum form of an economically united Europe. This integration process will continue at separate levels in the mentioned integrating groups and will be influenced by both superpowers, the United States and the USSR. Both superpowers, however, as a result of objective and subjective reasons, need a free hand economically as well, that is to say, they cannot join any of the economic groups which would require them to give up their whole economic entity. An optimum form of economic ties to their allies is a broader, but currently also a freer organization which supports and organizes economic cooperation and development, in other words, the present OECD on the one side and CEMA on the other side.

In view of the very different reform developments in the individual countries involved and the differing interests in more narrow economic cooperation and international division of labor, an integrated central and east European "six" is a long-term proposition for each of the countries. Within the present CEMA organization, a solution is already showing its outlines. It is not expected that all plans and projects would be of concern to all countries of the "Council," rather that only some of them might get together in accordance with the requirements of the specific cases. Translated into the language

of economic integration, this involves so-called mini-integration. Institutionally, therefore, the central European and East European countries are confronted with immediate partial integration, irrespective of whether it involves the strategy of territorial or industrywide international division of labor.

In the case of Czechoslovakia, a broad scale of additional economic cooperative relations exist in addition to the new CEMA and the integrated "six" or "troika" arrangements. In Europe, there are promising outlines for economic contacts with neighboring Austria and Bavaria; the so-called trans-Danubian problem is coming to the fore once more—an idea which is not new, but, it seems, again topical. With respect to extra-European socialist countries, which represent an enormous market, it would likely be purposeful to form a system of mutual advantages, a system which is frequently used in current economic groupings. And there remains the great deficit in the strategy of our external economic relations: transactions involving the developing world. As can be seen, we are still at the very beginnings with respect to restructuring the Czechoslovak foreign economic relations.

Plan for Gradual Transformation of Economy Explained

90EC0315A Hamburg *DIE ZEIT* in German
9 Feb 90 p 28

[Article by Judith Reicherzer: "Czechoslovakia—Fear of the Reform Trap; After the Revolution, the Prague Government Wants To Introduce Market Economy With Care"]

[Text] The steel watchtower in the shop is no longer manned. Also, the searchlights with which armed sentries were able to check on every corner have been extinguished. The iron barred gates at the shop entrance are open. Until recently, every morning 1,600 prisoners were brought here in secure buses and chased to their work stations through a dark corridor. At their work stations, the men were sharply watched by prison officials—much sharper than was the case in jail. After all, the prisoners were standing next to free employees on the assembly line. The state had loaned them to the state Skoda Plant at Mlada Boleslav, some 50 km from Prague. They were installing air intakes, headlights, and rear-view mirrors in Favorit automobiles on a modern assembly line.

Now, most of the prison laborers are free. As one of the first official actions, the new president of the state, Vaclav Havel, issued an extensive amnesty on 29 December. Accordingly, by mid-January, two-thirds of the approximately 30,000 prisoners in Czechoslovakia were released. They had all been obligated to perform labor services, many of them were working at the large national enterprises. For decades, these enterprises were operating with the use of prisoners. Havel's humanitarian act gave them large problems. The production of

tractors and refrigerators was halted, at the Skoda Plant virtually no new automobiles came off the assembly line in the first week of January. Prisoners were not available not only to the auto manufacturer, but also to his subcontractors. "Individual prisoners have already been here up to as many as seven times," says director Jan Dolansky, who was in charge of the enterprise's own jail. "On average, the men had a firm job for five years each time and were highly qualified assembly workers."

For this reason, the managers of the automobile plant offered their former convict laborers new contracts immediately following the amnesty and offered the bait of specialist wages and supplemental bonuses. In vain—most of them first wanted to go home to their families and celebrate. Of a total of 1,450 released convict laborers, only 75 stayed with Skoda. In a twist of irony, the Army jumped in. Some 500 soldiers are now replacing the prisoners through the end of February. Also, administrative employees had to switch over to production and 150 employees from Prague are bused daily, aboard three buses, to Mlada Boleslav.

However, despite all efforts, production still has not reached a normal level one month after amnesty. Instead of 700 vehicles per day, only 500 are built. Miloslav Volf, Skoda's chief of sales, assured us that the export of vehicles to capitalist countries was not endangered. After all, the Czechoslovak state earns more than 500 million marks in foreign exchange in this manner. And this money is now needed more urgently than was the case before the revolution.

Economically, Czechoslovakia stands close behind the GDR at the peak of the Eastern bloc nations. Overall, economic productivity per inhabitant is even better than that in Greece or Portugal. And as far as the capitalist West is concerned, Czechoslovakia is currently only \$7 billion in debt—only Romania has a smaller debt. Yet many industries are totally obsolete. They have an extremely high energy requirement, which continues to be covered primarily by unprofitable coal-fired power plants. And steel and heavy machinery production have characterized the industrial structure for far too long a period of time; consumer goods of high quality are in short supply.

Since the revolution of November of last year, specialists have come to power in Prague who want to change everything. The economic experts who now sit in the cabinet are almost uniformly members of the renowned Prognosis Institute in Prague. As early as 1988, they presented the former government with a pessimistic analysis and warned that Czechoslovakia would be economically ruined at the latest within the next millennium. Moreover, the scientists more and more vehemently demanded the abandonment of strict centralism, the restructuring of industry, strengthened trade with the West, and the expansion of services. This brought them into disrepute with the Communist Party which finally also branded them as dissidents. After the revolution, the director of the institute, Valtr Komarek, advanced to the

position of first deputy premier. Also, Vladimir Dlouhy, chief of the Planning Ministry, and Finance Minister Vaclav Klaus had previously been employees of the Prognosis Institute. "Hitherto, we, in Czechoslovakia, did not have a planned economy, but rather only a bad market economy with strong monopolists," said Finance Minister Vaclav Klaus. Much needs to be changed. The question is said only to be in which sequence. "A misstep in the reform trap snaps closed," said the experienced scientist. First, the state monopolies must be broken, the market liberalized. Prices and wages, on the other hand, should remain fixed for a time yet since Czechoslovakia wishes to avoid inflation rates such as those in Poland.

Czechoslovaks and Slovaks are not yet threatened by the fate of their northern neighbors who, following the economic reform, are having to fight poverty on an increasing scale. Despite a planned economy, the people in Czechoslovakia are living in a modest state of well-being. The majority of the citizens have, in years past, managed to acquire a vacation house and an automobile and the store windows in the inner city of Prague are heaped with pigs' knuckles and sticks of salami, boxes of cookies, and oranges from Cuba.

Planning Minister Dlouhy wants to avoid as much as possible making incursions into the market in the future. As is the case in the Federal Republic of Germany, the state is supposed to control the economy primarily through monetary and fiscal policies. Dlouhy, who, at 36, is the youngest minister in Prague, sits at his desk before an IBM computer and crunches the plan numbers. His ministry, on the banks of the Vltava River, currently still employs 850 individuals who continue to produce more than 600 plans per year. Next year, the intention is to have a substantially smaller team forge only 60 to 100 plans. "We must go back to Europe, back to civilization," says Dlouhy.

However, all economics experts are clear about the fact that joining the world economy can only be accomplished with foreign capital. Western money is flowing only sparingly into the country. Although the government has promised a liberal capital transfer policy, it has, thus far, not been anchored in the law. Moreover, Czechoslovakia does not yet treat foreign investors as candidly as does Hungary or the USSR, which attract potential givers of money with enormous tax relief provisions. Yet, in one or two months, the Czechoslovaks intend to catch up. Toward this end, Prague has applied for cooperation with the EC.

Not all Czechoslovaks and Slovaks want to embark upon the path toward the West. "Over 40 years of communism, our people have of necessity had to seek other life goals than material well-being," says journalist Valdimir Matejovsky. "It would be bad to lose these ideals now and only have profit motives in our heads." Matejovsky still hopes that the Czechoslovak people will not let themselves be seduced so quickly by capitalism. "That is

not why we made the revolution," he says. However, only a few people in Czechoslovakia still believe in a reformed socialism.

The great losers in the economic reforms are those who currently preside over the black market. In the middle of January, Finance Minister Klaus has thrown a curve ball to the big earners under socialism who were pushing bundles of dollars around throughout the Eastern bloc in dark channels. He brought the state exchange rates close to the black market exchange rates and, thus, narrowed the profits made by the illegal money traders.

Unfortunately, the new exchange rates also impact the entrepreneurs who must now pay 20 percent more for Western imports. The Velke Popovice Brewery, located in the village bearing the same name on the outskirts of Prague, will now be achieving savings in terms of one-third of its administrative employees. The brewery intends to use these savings to offset higher costs, since beer prices remain fixed. "Naturally, many enterprises are complaining," says Planning Minister Dlouhy laconically. "They are now compelled to work harder." The old government was said to be far too lenient, it feared the power of industry. "These times have passed."

Enterprises which want to operate more efficiently in future cannot afford surplus employees any longer. This is also known to the trade unions. Karel Henes, who has been at the head of the Czechoslovak Central Trade Union since November, believes that it is primarily miners, steelworkers, or machine-builders that are threatened by unemployment. Also, in weapons production, many jobs will be lost, particularly since Czechoslovakia gave assurances at the end of January that weapons exports would be halted. "Although there has been a manpower shortage for years in the service industries, I, as a miner, cannot become a nurse," says Henes, who worked underground himself for more than 20 years. The social funds currently have 25 million marks which are actually intended for poor fraternal countries. However, the money is now to flow into a strike fund, as planned by Henes. He intends to use strikes in the future to at least achieve some social plans for those workers whose jobs have been rationalized away.

The new trade union chairman took over the office of his predecessor on the 10th floor of the trade union building. It is jammed with books. Above the TV set, there is a mosaic of Lenin. Henes has made no alterations to the room yet. "No time," says he. "The Central Trade Union is currently fighting for its survival—I have other things to do." The workers barely provided support for their new chief in his work. Until November, trade union officials in the enterprises were essentially strawmen of the party. The revolution in the enterprises was made by others. Spontaneously, strike committees arose across the country and supported the opposition Civic Forum. They persisted in holding free elections in the enterprises to elect new trade union representatives. Now, they also wish to break up the old structures within the Central

Trade Union. And yet the internal trade union power struggle between revolutionaries and reformers has not yet been decided. Only after the elections in all the enterprises have been completed by the middle of the year will it be decided who will represent the workers in the future.

Optimists in Prague are currently meeting in the Entrepreneur Union, which came into being on 16 December and, a month later, already had far more than 30,000 members. In the two large rooms which the Ministry of Commerce had made available in the old town section of Prague, sheer chaos exists these days. Every day, 10 kg of applications from all over the country arrive here. Every afternoon, several hundred people wait for information and tips provided by the honorary collaborators of the association. The queue includes old women dressed in shabby winter coats, standing next to young students and blue-collar workers.

Private enterprises have been permitted in Czechoslovakia since 1988, but, hitherto, only as family business. They had to pay 80 percent of their profits in the form of taxes, but, nevertheless, by the end of 1989, there were already 100,000 such small enterprises. Seamstresses, innkeepers, or stone masons were becoming independent. Pavel Medricky has been going it alone for a year now. Previously, he had been repeatedly imprisoned for attempting to follow up on his own entrepreneurial ideas in an unpermitted manner. Now he is producing—finally legally—plastic toys. His first machine, a museum-eligible piece, stands in his garage and spits out 240 white soccer goals per hour for a table-top soccer game.

The production of goal posts became truly worthwhile several weeks ago. The Entrepreneur Union has prevailed in putting through a maximum tax rate for private enterprises of only 40 percent. Jan Houdek and Jan Zurek, two of the initiators of the new association, are pushing for a new artisan law which is supposed to become effective 1 March. After that, entrepreneurs may also employ outside workers, can take on credits and conduct trade with foreign countries without having to operate via the detour of state authorities. And in the end, the entrepreneurs hope, they will also be able to freely set prices and wages.

The young managers Houdek and Zurek are encountering understanding with their plans with respect to the government. However, officials in regional offices, who have hitherto made decisions regarding the fate of private enterprises, and employees of foreign trade establishments, who see their sinecures threatened, are resisting these measures vehemently. Nevertheless, both men are optimistic: "It is only a question of time before the first private airline company enters the market."

GERMAN DEMOCRATIC REPUBLIC

CDU Economic Program Published

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[Text]

1. Social Market Economy—The Just Economic and Social Order for Germany

1.1. Service to Mankind and Preservation of all Creation.

The Christian Democratic Union [CDU] makes the ethical assumption that all people make their contribution toward the preservation of the environment and toward shaping a society that is worthy of human beings. In this way they lay claim to a portion of the results of social effectiveness for their own benefit that is in keeping with their contribution. Society must stand up in solidarity for the citizen who is incapable of achieving anything, or for the citizen whose capacities are diminished. Society's solid stance makes it possible for such people to lead lives worthy of a human being.

Sociopolitical goals are subordinate to this basic principle; what is at issue, however, is guaranteeing the basic rights of Man on a foundation of social security, personal development, and individual freedom in the best way possible.

It must therefore be the goal of the economy:

- to produce and make available goods and services in sufficient quantity;
- to deal with natural resources in a sparing way and to be sparing of the environment, and
- to work toward social security on the basis of achievement, which also includes provision for social security.

With the conversion to a social market economy, we also renounce socialistic instrumentalism, which does not pay proper attention to the environment, is harmful to the economy, and prevents human development.

1.2. Freedom and Responsibility for Achievement, Solidarity, and Well-Being

Without a doubt, historical development has shown that only one economic order can do justice to the requirement for economic well-being, social security, personal development, and individual freedom.

That is the social market economy, which places its trust in the regulating mechanisms of the marketplace, in the interplay between supply and demand, free pricing and functional competition, and thus, in Man's efforts of

development and his abilities, which empowers the State to determine underlying preconditions for economic life to go on.

The CDU rejects the system of the Socialistic planned economy, which hampers economic and social forces by means of dictatorial intervention in the relationships of ownership and sale, and in the developmental rights of a personality. Renunciation of Socialistic planned economy includes all permutations of Socialism (including democratic Socialism, or free Socialism, etc.).

By entering the lists in support of a system of social market economy, the CDU is connecting not only purely economic principles, not only a system of thought surrounding well-being, competition based on achievement, or market mechanisms. Social market economy also includes ethical goals, philosophical goals, and economical goals to an equal degree.

(1) Social market economy strives to achieve a social order in which a coexistence worthy of human beings is possible in freedom and with equal rights, in which free development of one's personality and freedom of movement are assured. It knows no privileges or social estates based on property. It offers opportunities for advancement to everyone. It does not presume to speak for anyone, or to disenfranchise anyone; it gives freedom to all, but also responsibility for one's actions.

Oriented Toward Free Enterprise

(2) The economic equivalent of the political system of democracy is the free economic system of the social market economy. It is based upon free entrepreneurial activity, freedom to engage in whatever gainful employment one desires, and freedom to settle wherever one wishes. It gives the consumer the right to choose freely among the goods he consumes. It gives both parties to the wage earning relationship the right to choose wages and working conditions freely. The State does not act paternalistically on behalf of its citizens, and it does not direct or regulate the economy.

(3) Social market economy has proven itself to be the system that satisfies the economic needs of the people in the best way possible, and the one that guarantees a growing prosperity. The prerequisites for this prosperity are free price-formation on the basis of supply and demand, a functioning competition, and private ownership of the means of production. These economic principles are supplemented by a system of social security. Thus, the social market economy becomes a system in which achievement and the willingness to take risks pay off, and one that is socially just because it is based upon equal treatment, but not upon equalization.

The CDU is in favor of undertaking the reformation of the planned economy into a social market economy as quickly and as thoroughly as possible. At the same time, the unification of both German national economies into one German national economy within the context of the EC is a goal that is to be striven for.

Prerequisites by the State

1.3. Competition and Social Partnership, Free Democracy, and a Social State Based on Laws

In a social market economy, it is the task of the democratic state to create the necessary prerequisites, in terms of political order, for the functioning of the market and competition. The order of law must provide the framework for the social market economy and the freedom of the individual.

The cornerstones of order, which it is the task of the State to create in order to interconnect the principle of freedom in the marketplace with the principle of social equality, to satisfy in this way the requirement of social justice are:

1. a policy of ordering competition that has its basis in law,
2. social equality by means of a social policy which contributes to the improvement of the earnings of achievement-oriented competition
3. a guarantee of the stability of monetary value, a high degree of employment, and equilibrium of balance of payments by means of an appropriate monetary and economic policy,
4. securing economic growth through structural promotion.

In taking these governmental measures, the State must take market economy regulatory measures into account.

- Legislation must guarantee freedom of entrepreneurial activity. Laws pertaining to property, the economy, and employment at the present time must soon be replaced by new laws, which must be set up in accordance with organizational principles that are in keeping with the market economy.
- Monetary and currency policy must guarantee and promote the functioning of the market. It must provide a stable, convertible currency that has strong purchasing power. The monetary union between the GDR and the Federal Republic is a prerequisite for this. Another prerequisite is a two-stage banking system. It falls to an independent central bank to provide stability for the currency by means of suitable monetary and credit policies.
- The State's competitive policies must be aimed at assuring and protecting competition based on achievement. Legal measures must be taken that preclude modes of behavior that run counter to competition and subject enterprises that dominate the market to controlling measures. They should foster the development of middle-class achievers, who, due to their flexibility in the transition to a market economy, incorporate certain expectations of success.
- In the market economy, prices are formed as a result of supply and demand in the marketplace. For the transition, the swift implementation of a price

reform, particularly one that dismantles product-linked subsidies, is necessary to obtain pricing structures and price relationships that are oriented toward the world market.

- Structural policies must guarantee that in the economy a healthy balance of small, medium-sized, and larger enterprises develops and can prosper. It must work toward a production structure that meets the needs of the domestic and the international exchange of goods. To avoid large-scale unemployment, middle-class enterprises should be promoted by start-up assistance.
- Taxation policies should dismantle preexisting inequalities and disadvantages, and create a unified structure of taxation. The tax system should be based on the principle of taxation according to ability to pay, and it should be set up in a progressive manner. To foster entrepreneurial initiative, for the purpose of creating jobs and job training opportunities, tax relief should be granted for a limited period of time. At the same time, taxation policies must make self-financing of replacement, expansion, and rationalization investments possible and render them easier, so as to improve the economy's capacity to exist and to compete. Particular attention must be paid in this regard to smaller and medium-sized enterprises.
- Revenue policies should assure that achievement is rewarded, and that increasing income assures a higher standard of living. The autonomy of wages and salaries, which must be Constitutionally-guaranteed, gives both parties in an employer-wage-earner relationship the right to regulate wages and working conditions on their own initiative, without State intervention.
- The State foreign trade monopoly, which has existed heretofore, should be replaced by a liberal policy of commerce, service, and capital circulation. Tariff and trade restrictions should be dismantled: the international division of labor and the multilateral exchange of goods are to be promoted.

The government must, by way of redistributing of the national revenues, pursue social policies that eliminate social injustice and political risks, and help the weaker members of society who cannot achieve as much. We want to preserve those social standards that have already been achieved, and, on the basis of economic growth, we want to expand them. It must be assured that temporary social difficulties arising from economic reform are felt as little as possible. Thus, those risks associated with economic reform must be met with appropriate measures on the part of the State.

1.4. Self-Determination and a Humane Working Environment

A social market economy includes the notion that all forces at work in the economy are united in a cooperative partnership that functions smoothly.

Workers having a say and codetermining conditions are expressions of the Christian social intellectual heritage,

and they are a key element of the social market economy and social equality. We stand, therefore, for a gradual increase in self-determination at the workplace and in national economic policy on the part of the workers.

We stand for a humanization of the workplace, which includes restructuring working conditions in such a way as to promote achievement, jobs that promote the personality, decreasing the number of hours worked, as well as structuring those hours in a flexible way.

A uniform labor law will strengthen the rights and responsibilities of the workers, and promote the efficiency of the plants. We want:

- equality of men and women in the workplace, including equal pay for work of equal value;
- job security for all those not engaged in independent work, particularly for older workers, pregnant workers, and those with large families;
- protection and promotion of employment among handicapped workers, and those whose effective output is diminished;
- assured rights of representation for apprentices and young workers.

We want a workers' bill of rights that guarantees the workers the right to representation of their interests in the plant. The CDU is in support of the formation of works councils to represent workers' interests in the face of plant management. In larger plants, members of the works councils who devote themselves entirely and exclusively to representing the interests of the workers are to be released from work. Beyond that, we support free, independent, strong unions.

Our policies are aimed at securing and creating jobs that will have future security, and combatting unemployment. We work toward the conditions that will make it possible for everyone who wants to work to obtain a suitable position. Financial security in times of unemployment is part of these goals. Rapid reintroduction to professional life is to be striven for when a job is lost.

As a result of the active promotion of the middle class, and, as a result of an innovative ecological policy that is oriented toward a market economy, we want to help create new jobs.

The CDU stands for the implementation of the 40-hour work week, and for other measures for the gradual increase of vacation time in keeping with economic growth. That requires making the most of working time, willingness to put forth a high degree of efficiency, and discipline on the job. We also stand for the opportunity to work on a part-time basis.

1.5. Financial Power in the Workers' Hands, Promotion of the Middle Class, Modernization of the National Economy

An important prerequisite for the social market economy and the economic union of the two German states is a reform of the property laws. In this regard, the CDU assumes:

- that a dominance by State-owned property and a social market economy are incompatible;
- that the privatization of public property in the GDR is coupled with the participation of the workers in these enterprises, and that it makes the creation of a great deal of wealth in the hands of the workers possible;
- that the results of land reforms carried out in 1945 are irrevocable;
- that property should be valued on the open market, and that it must be possible to acquire land for the purpose of conducting business on a private basis.

Revenues derived from the sale of part interest in production facilities to private owners should be earmarked by preference for funding environmentally-related projects, for developing the infrastructure, and for restoring old buildings.

Middle-class enterprises should be promoted, because it is precisely these entities that are capable of creating jobs quickly, and doing so on a broad range. The CDU is in favor of granting them the necessary protection from the economic power of large firms for a definite period of time.

We believe that a modernization and expansion of the infrastructure is a prerequisite for the restructuring of a modern national economy.

Structural changes in the economy will have to strike a balance between local advantages and disadvantages, and they have to overcome the great difference between East and West. As European economic integration becomes more and more a reality, the decisive prerequisites for a just world economic order must be put into place in order to solve the pressing global questions, such as hunger, armament, debt, and ecological ravaging. For this reason, rapid cooperation with all the European national economies is a goal that must be striven toward.

2. Social Market Economy—the Program for a Solid Infrastructure and Efficient Segments of the Economy

In certain areas, the policies of the social market economy face particularly tough challenges. Space utilization, urban development, housing, energy, transportation and communication, agriculture, and environmental protection are among these.

2.1. Toward Uniform Living Conditions Throughout the Country

The goal of space utilization policies is to achieve urban and settlement development with a social, cultural, and

technological infrastructure that meets the individual's developmental needs, one that guarantees a national economy that is capable of growth, and one that is capable of creating living conditions of comparable quality in all parts of the country. This includes caring for the land and preserving the balance in natural resources while paying proper attention to demographic developments.

The CDU wants a program of housing and urban construction that meets the social, spiritual, and aesthetic needs of the people as well as the cultural traditions in the country in a better way than has heretofore been the case. To promote an inhabitant-friendly environment, and to promote architectural variety in urban structures. This includes preserving cultural heritage by preserving its landmarks.

In urban and rural areas, the creation of income-generating jobs must be promoted. Municipalities must be served with a sufficient degree of public and private services. Medium-sized cities are to be developed into regional centers that attract economic enterprises.

The central government, the States, and the municipalities should develop a system of mandatory, coordinated space-utilization regulations. Urban and rural living conditions are to be attuned to one another to a greater degree. The city is the center of economic and cultural services. Urban construction must go beyond the urban environment and adapt to regional needs and regional conditions. When plans are under way to make a commitment to urban investments, the citizen must have the proper right to voice his opinion. In making plans for the utilization of space, due consideration must be given to alleviating the pressure on areas of high population density in conjunction with the development of a harmonious infrastructure.

It is essential that the construction of housing continue to be promoted. In the coming year, particular stress will be placed on building in urban centers, and on preserving the value of existing housing stock. The central government, the States, and the counties are promoting settlement in those regions where the construction industry is poorly represented by offering tax reductions, and by reopening construction firms.

Particular attention should be paid to public housing projects. These are subject to control by municipal authorities. Young families with many children, pensioners, and the handicapped should be given special support.

We are going to introduce comprehensive rent controls, which will retain the tenant protection and lease cancellation protection features that have existed heretofore, and will make provision for socially responsible rents.

In the area of publicly-supported housing construction, the issuing of credits is to be bound to the readiness of construction firms to involve those classes that are poor in terms of property in the growth of riches through

appropriate reforms. Measures in municipally-financed construction should make it possible for local residents to acquire property in the form of apartments, houses, and land to a greater degree. Incentives for renters to acquire apartments must be created. Apartments, which have thus far been State property, should be offered to their tenants. We are striving toward the establishment of building and loan associations.

Environmentally Friendly Energy Production

2.2. For Environmentally Friendly, Cost Effective Energy

The CDU sees a mainstay of its economic policies in securing the energy requirements for the high-performance economy it wants to build. Energy will be a decisive factor in determining the dynamism with which economic growth will proceed.

The goal of energy policy is promoting a rational, environmentally sound means of producing and using energy, and for providing the consumer with an adequate supply of energy. The energy policy should be classified within the context of an all-German, and a pan-European energy concept.

Thus far, the majority of energy has been recovered from crude lignite coal. Due to the lack of fume desulfurization plants, superannuated crude lignite coal-fired power plants, and small, individual heating plants, the result has been an insupportably high degree of air pollution. To reduce this air pollution, and to avoid the devastation of entire villages, to prevent the destruction of a valuable cultural heritage, and to put a stop to the further destruction of the landscape, the exploitation of native crude lignite deposits for the purpose of furnishing energy must be drastically reduced.

To guarantee the requisite supply of energy, the CDU is in favor of the rapid creation of an energy alliance between the GDR and the Federal Republic. Within the context of the negotiations surrounding economic union, the capacity reserves in terms of power plant output from the Federal Republic that would be of use to the GDR should be determined. From this standpoint, it should be determined which power plant capacities in the GDR should be reconstructed or modernized, and which ones, as a result of an unacceptable environmental burden, or, because of the unacceptable costs of renovation, should be shut down.

Alternative employment is to be secured for the workers who are rendered idle by such measures as a result of State-operated retraining programs, and other structured programs. The local construction industry, the development of the infrastructure, the renovation of old buildings, and the reactivation of former coal mining districts could serve as sources of employment. Regional promotional programs should be established for retraining and redirecting energies, and in this way, by means of flanking measures, an impetus is provided for workers to pursue a new line of employment.

A highly stressed aspect of investment policies within the coming years will be the desulfurization of smoke fumes, and the modernization of those crude lignite-fired plants that will still be on-line. Adhering to internationally-established maximum limits with regard to noxious emissions should be legally guaranteed through stringent sanctioning measures.

National and international cooperation in research for the purpose of gaining alternative, and, in particular, regenerative sources of energy, should be vigorously pursued. Particular significance should also be attached to research projects involving the reduction of the specific energy need, particularly in thermal insulation, and in the secondary use of heat.

Preexisting nuclear power plants should be modernized and made to comply with the highest international safety standards and subjected to expert inspection. Those plants currently being constructed will be completed.

The CDU is also in favor of the creation of municipal water supply companies, companies providing heat, and power companies (municipal utilities). Where it can be done practicably, the possibility of divesting the energy combines should be granted.

2.3. Toward the Establishment of a Comprehensive, Coordinated System of Transportation

Transportation policy must meet the society's economic and social needs at the lowest cost to the public, regardless of the means of public transport that is selected.

Particular value is placed upon the international cooperation involved in the creation of the European Transportation Association.

As a result of the extension and modernization of the rail network, an expansion of container traffic, and the expansion of inland and overseas navigation, rationalization of the transportation of goods on the basis of logistic principles can be promoted, and a safe, fluid, economical mode of transportation can be achieved. Growing profitability of the railroad is a goal that should be aimed at.

In the transportation of people between cities, and in long-distance travel, incentives should be given by way of attractive offers to do without using one's personal car, particularly in job-related travel.

Coordinated Transportation Network Program

In order to expand the road network, the rails, and the waterways, to build airports and seaports, the central government, the States, and municipalities are establishing a long-term coordinated transportation program of corresponding priority. Economically weak areas in particular are to be promoted within the context of the land use policies.

Research in the technology of transportation is to be intensified. Safety in transportation is a priority. The

central government, the States, and the municipalities are establishing transportation safety programs, and are paying particular attention to the protection of pedestrians, and the creation of pedestrian zones and bicycle paths. The first aid transportation network must be extended to an intensified degree.

We support a drastic renewal of the inventory of passenger cars and utilitarian vehicles. A motor vehicle care system without waiting times is necessary for the population and the economy is necessary to this end.

2.4. For a Modern and Efficient Postal and Electronic Communications System

The CDU supports an efficient postal and electronic communications network, as well as telecommunications. It sees in this goal an important prerequisite for increasing the efficiency of the economy. In the coming years, significant investments will be necessary in this area.

The offerings in the area of the post office and telecommunications have to be developed on the national and international level in such a way that they continue to meet the increasing needs of the citizens and the modern industrial society more and more fully. Fax technology and long-distance data transmission have to be extended to a marked degree, both for the economy as a whole, as well as for the private sphere. The number of private telephones must be increased to meet the need.

2.5. For Freedom and Technological Progress in Commerce and Industry

Industry is the area of the economy that exerts decisive influence on the dynamic development of all other areas of the economy.

Reform of commercial enterprises in industry must, under the conditions of the social market economy, promote the competitiveness of the branches and eliminate centralized structures, particularly where monopolies prevent competition. The goal must be the creation of leeway for the development of technological progress through competition, which promotes the individual's creative initiative. The power to decide such matters as prizes, production quantities, number of personnel employed, investment projects, and foreign trade resides with the enterprises themselves.

Regarding mergers, fusions, centralization of plants, there is a cartel office with a view toward preserving competitiveness in the economy as a whole. In this way, every form of control of segments of the economy contrary to the common good, by the State, by groups, or by private individuals, should be prevented.

All forms of property ownership in industry are equal under the law. Small and medium-sized industrial plants, and particularly, private entrepreneurial activity are to be promoted, in order to achieve flexibility, a high

degree of innovative impetus, quick development of the production of supplies and consumer goods, and rapid growth of the job market.

The chambers of commerce and industry should be transformed into democratic public corporate entities by law, bodies which represent the interests of the firms and create a balance between the various interests. The CDU sees the way toward great growth of productivity and profitability in an intensification of the international division of labor and the specialization of all branches of industry. To do this, all forms of commercial and corporate law are to be admissible, including generous international capital investment.

2.6. For Service Industries, the Development of Commerce and Skilled Trades, and an Attractive Tourism Industry

The CDU is in favor of major developments in the service industry sector that would bring them into line with current standards in Western European countries. To do so, rapid development of commerce, skilled trades, and tourism are indispensable.

We regard it as a task of high priority that the form of organization revolving around a planned economy be overcome in commerce. For this reason, administered trade, inflexibility, and insufficient motivation on the part of the merchant are to be replaced by new forms of economic competition on the basis of market economy structures.

The CDU stands for replacing State-controlled trade at every stage of commerce. Instead of State-controlled trading companies, private and cooperative wholesale and retail trading concerns will assure supplies of goods and services. The same is true of the restaurant and inn-keeping trade. As a result of generous profit margins and just taxation of profits and revenues, rapid development of achievement orientation can be reached.

Skilled Labor into the Breach

In the context of measures that foster the creation of a middle class, we pay particular attention to skilled labor. The process of structural change should be completed to the end that productive and service-providing workers can offer their services across a wide area.

Securing and upgrading entrepreneurial and trade-related knowledge and skill should be the focus of considerable attention to prepare the skilled trade sector to meet European challenges.

The CDU takes to the field in support of thorough changes in the State's taxation policies. An earnings tax should give municipalities the possibility to achieve tax revenues of their own at varying rates of assessment. Calculation guidelines for the establishment of prices should be suspended. Pricing imposed thus far should give way to highest hourly rates and regulated prices for services rendered in keeping with conditions that prevail in a market economy.

Private and cooperative skilled workers organize in crafts guilds that are self-governing and represent the interests of the skilled craftsmen.

As a result of appropriate State measures, the competitive situation that exists between commerce, skilled labor, and trade with regard to industry should be governed in such a way that inequalities at the outset should be eliminated and the capacity for competition is begun. To do this, the following measures must be taken:

- the creation of complete commercial freedom and freedom to establish a place of business for that particular skilled trade;
- the creation of tax legislation that promotes achievement;
- the promotion of modernization and rationalization of the skilled trade shop;
- aid in terms of financing through improved credit supplies, particularly for expansion or modernization of preexisting production facilities, for the reestablishment of plants (including the promotion of credit guarantee associations);
- expansion of consultation to enterprises;
- promotion of cooperation between plants.

The CDU favors the build-up of municipal measures to promote economic activity and growth. In this effort, the municipalities must exercise policies of industrial and commercial land use that promote the economy. As a part of such policies, building credits at favorable rates should be made available from branches of commercial banks for the creation of commercial facilities.

2.7. For the Development of Tourism

We see a significant means of increasing understanding among peoples in the accelerated development of tourism on the basis of international cooperation. Tourism is an important economic factor. Complete privatization of this segment is a goal worth striving for.

Due to the GDR's increasing attractiveness as a tourist area, the infrastructure must be expanded in the years to come. Service industry networks, cultural offerings, and public relations have to be developed accordingly, and commercialized.

In order to meet the need for recreation, sports, and hiking in a better fashion, forests, lakes, and seacoasts have to be made accessible to everyone. Tourism should be developed in such a way that the legal norms surrounding the ecology and the protection of cultural landmarks are not violated.

2.8. For Efficient and Competitive Agriculture

Social market economy makes ecologically supportable efficient and competitive agriculture, forestry, and food science, all of which assure the provision of a healthful food supply to the people, a possibility. That requires the restoration of a healthy, diversified system of agriculture.

Social market economy and democracy in agriculture cannot be divorced from private land ownership. We therefore support clarifying the situation with regard to land ownership once again, protecting this property, and restoring it to its value once more through a system of prices, leases, etc. In this regard, we consider the land reform as irrevocable and stand for preserving the property rights that have their basis in these reforms on the basis of a government that is rooted in the rule of law.

Market Economy in Agriculture, Too

Underlying preconditions which will assure the transition from imperative planned economy to market economy contractual production which will rely to an increasing degree on the free price-setting, must be created for our agriculture to be competitive with that of the EC. We support a thorough reform of agrarian prices and taxes, radical renewal of the material and technological basis, the application of modern agricultural science and management. Competitiveness is to be improved by subsidies and promotional supports in a marked way.

Ecological behavior should be economically stimulated, so as to introduce the principles of integrated agriculture to an ever-greater degree in operations of all kinds, regardless of the form of their ownership.

For all agricultural enterprises, regardless of the form of their ownership, true equality of opportunity and equality before the law are to be granted on the basis of juridical and economic autonomy and independence.

The positive traditions of the agricultural cooperative movement in Germany form a basis for developing the LPG [Agricultural Producer Cooperative], GPG [Horticultural Producer Cooperative], etc., into democratically-led, efficient, and competitive operations. Their juridical and economic independence is to be assured. Membership must be on a voluntary basis, which includes the possibility of leaving, merging, subdividing, or the dissolution of the LPG's and the GPG's.

We stand for clarity in the fiscal and legal relationships between the cooperatives and their members or heirs, payment for shares of land or leases, or for interest payments on contributions toward inventory.

The CDU supports decisions on the part of cooperatives to reunite agronomy and the raising of cattle under one operation, and to consider greater territorial involvement as it does so. The requisite preconditions for the establishment and operation of family-run farms or gardening operations should be created soon, so that these operations can participate in production on an equal footing. That is also true of private forest management.

The State-owned lands, which consisted primarily of former State domains, university or academy-owned estates, and so on, will be used, in future as they were originally intended to be used. In particular, they could

serve as proving grounds for research, training, or teaching purposes. Leasing the property is also conceivable.

Competitiveness requires high earnings and low cost for best quality. For this reason, we support the notion that the farms themselves should determine what, and how much, they plant. Agricultural tracts that are not very productive should be made to lie fallow, forested, or converted to some other ecologically productive use.

We support the future alignment of cattle breeding with territorial fodder yields and ecological friendliness on a greater scale. Unprofitable exports will have to be stopped.

Processing plants and other branches of secondary production foster industrial profitability and increase the range of goods offered. That should be promoted just as much as the build-up of efficient processing plants for products of animal or vegetable origin, which are in a free contractual relationship with the agricultural producers. In addition to that, to create jobs, nonagricultural secondary production is also supported.

As a result of an independent, super-partisan association of farmers, a democratic representation of the interest of farmers and all those employed in agriculture should be created. We assume that cooperative associations and other types of associations will play a significant role in cooperation between agricultural enterprises, regardless of the nature of their proprietary status.

With regard to agricultural training and ongoing education, we stand for comprehensive training in all areas of agriculture. We consider it urgently important that everything that is known about the conditions that will have to be met on the EC agricultural market as well as the family management of an agricultural enterprise.

An efficient and independent veterinary medical establishment is necessary to assure the health of the animals and high quality of the products. That includes equal coexistence of veterinary practices specializing in different areas.

Rural traditions form a valuable heritage of our German national culture. We support preserving that culture, nurturing it, fostering it, and connecting it more strongly with the villages, regardless of the form of proprietary relationship they may take.

2.9. For Forestry That Will Promote the Landscape

A new strategy for managing the forest that pays due homage to its ecological and cultural significance has to assure that the proportion of forests in the land utilization profile of our country is maintained. The ecological and land use implications associated with our forests must clearly take precedence over the utilization of the wood. Restorative measures that are applied to forests, forest renewal, and care are to be given equal importance.

Particular care should be given to those areas that have been affected by damage, particularly the Ore Mountains, the Thuringian Forest, and the Harz Mountains. Measures aimed at revitalization and reforestation should be flanked by measures coordinated between both governments aimed at limiting damage.

Because forests and game belong together, the current separation of the two should be discontinued and unified management of the two should be restored.

Ecological use of the forest requires a forestry law that lays down the claims that will be made on all forests in a future-oriented way, regardless of the type of ownership these forests are currently under, laws that assure the function of the forests as they now exist and regulate their use by the citizenry. We are in favor of either private management of forests or management by cooperatives.

2.10. Science and Research

Economic revitalization can be achieved only as a result of highly innovative science and research. The CDU supports freedom of science and research. We take the view that science and research are solely obligated to the common weal, truth, and a responsibility to preserve the planet. On the basis of this assumption, we appeal to all scientists and researchers to set themselves ethical standards that live up to this principle, and to make such standards a reality.

Basic research should be promoted by a democratic state; its position should be secured. For this purpose, the State makes the necessary financial means available, and it can dole out State orders.

Application-oriented research must quickly be realized in new technologies and products. For this purpose, in addition to technical knowledge and ability, above all, entrepreneurial talents, such as willingness to assume risks, the ability to see a project through to completion, and organizational talent are in high demand. We therefore support special innovative plants, engineering and developmental offices, as well as consultancy firms, particularly as a service industry for the economy.

Science and research must take the consequences of its effects, both for Man and Nature, as well as for its own further development into account. For this reason, an estimation of its impact on technology must be a component of every research strategy.

We are in favor of a broad expansion of national and international cooperation in research. The fields of research which will become crucial in the area of the GDR will have to be designed in such a way as to be compatible with the EC. Among these will be research in recovering energy and its rational use, research involving structural changes in the economy, the structure of efficient transportation and communications systems, as well as economic law, property law, and the laws pertaining to the protection of intellectual property.

3. Social Market Economy—Prerequisite for Prosperity and an Environment That Has Been Preserved

[No. 3.1. as published]

The illusory security of Socialism in the form of unity of economic and social policies proved to be incapable of holding up, incapable of bringing people the prosperity that was promised over a period of four decades. None of the promises had any economic foundation. For this reason, the CDU sees its chief task for the future as the provision of good social conditions on the basis of the social market economy.

Proceeding from Christian ethics and traditions, we stand for social justice and comprehensive social security. This social security should deal with the risks associated with living in the context of an industrialized society for those who are not in a position to deal with the demands placed on them by an achievement-oriented society themselves, for those not yet in that position, or for those no longer in that position.

We are guided by two principles in our efforts:

(1) The commandment of subsidiarity. Each member of society is responsible for himself in the first analysis, on the basis of his own powers and his own achievements. Only in instances in which one's own responsibility and the provision one makes for oneself do not suffice does the communal responsibility to provide assistance take over.

(2) Social policies are a constituent, and thus irrefutable element of the social market economy. In this regard, it differs from capitalistic forms of economy. And yet, the close interdependence between economic and social policies may not be overlooked. Social policy does not occur in a vacuum. It is the mirror image of a country's economic vigor. No state can distribute more than it takes from its citizens in the form of taxes or contributions. Not until we succeed in upgrading our country's economic strength to a marked degree do social demands have any real prospects of being realized.

With regard to the governmental unity of Germany, we are in favor of the creation of a social charter.

Under these premises, the CDU places its emphasis on future social policy on the following points:

As a result of legally mandated health insurance on the basis of free insurance carriers, a guarantee must be made that in the case of illness, the necessary assistance will be rendered to the insured or his family members. This insurance protection is to be guaranteed for the employed, those who receive unemployment benefits, children, pensioners, students, those incapable of earning a living, and for all other citizens.

The insurance protection covers, in particular:

- outpatient treatments, treatment by a physician, treatment by a dentist,

- the provision of medications, bandages, curatives, and other aids,
- hospitalization, whether at a State-supported, municipal, or charitable institution,
- illness benefits,
- measures for the early detection of certain diseases.

It is the task of accident insurance to protect certain groups of persons from the consequences of accidents at the workplace. This applies to the insured himself, as well as to their family members and survivors. As a result of accident insurance, not only is financial assistance guaranteed; curative treatments, which, if necessary, may include occupational assistance, and, retraining, stand in the foreground of this program. Educational measures aimed at preventing accidents must also be provided. For this reason, occupational safety experts must be employed in plants and firms by law.

Occupational protection for mothers-to-be and nursing mothers has as its task the protection of the mother-to-be who is in the workplace from health risks, the dangers of having too great a burden placed on her, and other dangers at the workplace. As a result of a special termination protection clause, this law protects the mother's job and her right to maternity and obstetric leave. The workplace for a mother-to-be or a nursing mother must be set up in such a way that they afford a sufficient degree of protection against dangers to the mother's life and health.

We assume that a humane society must make a secure and meaningful life possible for all its older citizens within a context that is worthy of a human being. A pension must be a reward for a life's work. After a life filled with meaningful work, it must offer a sufficient basis for life. For this reason, we support the view that older citizens should be given broad opportunities to participate in the life of the society, and they should be assured a financially secure existence. We support pension reform in which pensions are regarded as social benefits that take the manifold results and typical risks of a lifetime of work into account. The extra burden that is imposed by dismantling subsidies should be offset completely by pension adjustments. We furthermore support the notion that pensions be financed by the workers and by contributions from the firms, and that consequently, pension adjustments to higher incomes and prices will be regulated.

If Desired, Contributions Toward Insurance

With the implementation of pension insurance, the possibility of mandatory insurance for every worker and employee would be created. It should be assured that everyone who so desires, may voluntarily contribute to this insurance upon completion of his/her 16th year. Contributions paid thus far into voluntary supplementary pension insurance, or into other voluntary pension insurance systems, are to be transferred to the pension insurance system.

Workers who have reported that they are unemployed and available for referral by the unemployment office, should receive unemployment benefits. The unemployed are to be granted the opportunity to retrain. The State and the firms are to bear the costs of such training.

Upon commencing employment, all workers are subject to pay the mandatory unemployment insurance. Contributions to this insurance system are to be paid in equal parts by the employer and the employee.

The CDU uses its good offices to urge an immediate restructuring and strengthening, both in terms of personnel, as well as qualitatively, unemployment offices. These offices must perform the following tasks:

- Pay out unemployment benefits,
- refer the unemployed to jobs,
- retraining,
- finding work,
- sociological and psychological counseling.

The CDU supports granting the handicapped and those with diminished capacities the right to assistance, guaranteeing them a place in society that is in keeping with their likes and their abilities, particularly with regard to an occupation. In order to assure them a right to work, protection against termination is to be extended to the handicapped, and to those with diminished capacities.

In order to achieve unlimited integration of the handicapped into professional life, we are in favor of:

- institutions providing occupational training and occupational assistance,
- institutions that provide medical occupational rehabilitation,
- workshops for the handicapped.

The CDU is in favor of humanizing contact with ill and handicapped people. Institutions that provide care should be upgraded, qualitatively, in terms of personnel, and financially. Powerful associations of the handicapped should strive toward this end. In the construction of streets and roads and buildings, attention should be paid to the interests of this group of people. Buildings that house services, municipal offices, health care facilities, or social services facilities are to be retrofitted and made accessible to the handicapped.

The CDU supports the view that everyone who is not capable of supporting himself by his/her own efforts, or is incapable of helping his/herself in particular living situations and cannot expect to find adequate help from other quarters, has a right to social assistance. This particular form of assistance must make participation in the life of the community possible, it must make it possible for him/her to lead a life that is worthy of a human being, and it must include the chance for him/her to regain the possibility of independence. It must include:

- assistance in meeting one's living expenses,
- assistance in certain life situations, such as in the case of crippling conditions, old age, or illness.

As a State subsidy to the cost of housing, housing money is to be provided to renters and homeowners if the rent outstrips the ability of the household income to pay. The payment depends upon the size of the family, family income, and upon the amount of the rent or other charges. Legal entitlement must be present.

We are in favor of child support money, which helps the parents bear the cost of providing for their children. Social justice should be served in this way. Child support payments are to be made from the birth of the first child, and they should be continued until the completion of the 16th year. The CDU is in favor of granting child support money to young adults between the ages of 16 and 21, provided such individuals are not enrolled in a job training program, or are not employed after completing school, despite efforts to enroll in such a program, or to seek such employment.

The CDU favors equality of the sexes in all social spheres of activity. To this end, we shall create social arrangements that concentrate on the possibility of combining parenthood, managing a household, and a career. These arrangements can address themselves to either partner.

The CDU supports providing financial support for those who, within the context of the family or within the larger context of more distant relatives provide assistance to family members who require care.

3.2. For a Natural Environment Worth Living In

The consequences of Socialist mismanagement on the natural environment are catastrophic. Total disregard for Nature—whether it supported life or not—means, in the final analysis, disregard for human beings, in that the basis of human life was either blindly destroyed, or put at risk. Every day, new consequences of Socialism come to light. The CDU counters this with an ecologically responsible society in which environmental policy is a basic element of the total policy. The right of every citizen to a clean, natural environment that is worth living in, and his duty to practice modes of behavior that protect the environment should be guaranteed by the constitution and legislation that is in keeping with the international standard. In addition, consciousness of the environment and the morale of the environment are to be promoted in all quarters and at all levels in many ways. That is determined by the responsibility for all creation, the preservation of which is the task of future generations.

Social market economy makes far-reaching environmental partnership that extends from the producer to the consumer. Fulfilling their needs as consumers can be limited by their ecological responsibility. In this sense, constructive cooperation with environmental groups, ecological citizens' initiatives, scientists, with industry, agriculture and forest management, as well as with the State environmental agencies, is to be promoted.

In accordance with the principle of precaution, economic and other decisions are to be made in a timely fashion, and their safety is to be demonstrated by an examination of friendliness to the environment and other environmental evaluations. Within the territories, the citizens' right to an input is to be guaranteed. Since environmental potential is limited with regard to its nature and scope, all forms of land utilization, including utilization by industry and transportation, must be provided for by a legally-binding plan.

As a result of production methods that are either environmentally neutral or environmentally positive, technologies and products will, in future, be exempt from doing environmental damage. In light of the heavy burden of the Socialistic past, however, it is at the same time necessary to remove damage to the environment, and to process waste materials, to render harmful substances that occur harmless in a safe manner, and to stimulate recycling. To this end, the development, production, and use of modern technology that protects the environment, is to be promoted.

For the reduction of pollution, progressively increasing input of pollution from noxious emissions in water, air, soil, as well as noise and other negative impacts on the environment must be stopped. The necessary monies are to be paid into an eco-fund, and they are to be used exclusively for improving the environment, conservation, and especially for improving ecological damage.

Forests and wetlands in particular must be protected as vitally important regulating components of nature. In agriculture, to an increasing degree, aspects of ecological land management must be used to an increasing degree, particularly with regard to the use of agrichemicals, so as to prevent further burdening of the waterways, and large-scale cattle farms should be reduced as a measure for offering protection to the animals and as a measure for improving environmental conditions. The wide variety of species and varieties of the native world of organisms must be placed under environmental protection.

Questions on Exchange Rate, Monetary Union Addressed

90EG0191A Karl-Marx-Stadt FREIE PRESSE in German 8 Feb 90 p 4

[Article by Professor Dr. Klaus Mueller, in response to reader questions prompted by his article "Whither the GDR Mark?" published in FREIE PRESSE 21 Dec 89 p 5]

[Text] Letters concerning my article "Whither the GDR Mark?" (FREIE PRESSE 21 Dec 89 p 5) show that two problems in particular were a cause of annoyance: On the one hand, the price comparison, on which establishment of the exchange rate is based, and on the other hand the fact that the income differential between the GDR and the FRG is not being taken into account in determining the rate. Because of this, some feel that rate

of 1:3 agreed to by Kohl and Modrow (at which the GDR citizen may exchange an average of 600 marks a year and the FRG citizen may exchange an unlimited amount of his money) is unjustified.

What Exchange Rate Is Fair?

A "fair" rate, I wrote, would have to make it possible for every citizen to buy the same amount of goods with the same amount of money in both the GDR and the FRG. Such a rate would then reflect parity in purchasing power (the same monetary power to purchase goods). Assuming that the official 1:3 rate corresponds to this parity—although no one has done a precise calculation—this would mean that on the average one could spend DM1,000 on goods in the FRG for which one would have to pay 3,000 GDR marks in the GDR.

Determining the purchasing power relationship of money is clearly not without its problems. It presupposes that the same goods are actually being produced and marketed in both countries. Everyone knows that these two preconditions are not being met for a very large number of products. Moreover, what goods should be used to compare the prices? Some are cheaper here, others are cheaper there, and some are priced about the same.

Mr. Wenzel from Annaberg doubts whether a restaurant meal that costs five marks in the GDR will be more than DM20 in the FRG. His experiences in Bavaria prove differently. Although I presupposed this relationship simply in order to show the rate that would result from it, I do not believe that it is pure fabrication. In fact, however, other relationships can also be found in the very divergent restaurant and price categories. This only underscores the difficulty of a price comparison. The prices of a town pub cannot be compared to those of a three-star hotel. You have to stay on the same level. I agree entirely with Mr. Stolz and Mr. Koehler from Karl-Marx-Stadt that not only the prices, but also the quality and quantity of the food and drink, and not least of all the type of service, play a role here.

Thus, I concede that comparisons are inherently somewhat inapt, price comparisons in particular. Still, the fact remains that the rate of 1:3 does not correspond to the price differences between East Germany and West Germany, and not only in the restaurant business.

Thus, many readers, such as Mr. Herbert Ehrlich from Eppendorf, are beginning to see something of the size of the burden that the GDR citizen will have to bear in exchange for his hard-fought freedom. Will he not become a second-class citizen in his own country? asks a concerned R. Kolender from the Bezirk city. Fears that are not entirely ungrounded.

Cheap Rates in the GDR—Who Pays the Bill?

Even in places, like the posh hotels of East Berlin, where the prices for food and drink have long since risen to the

Western level, to say nothing of the many small restaurants with excellent service and cheap prices, it is clearly less expensive at a rate of 1:3 for the guest from the West to dine in the East instead of the West. Even for West Berliners with a limited budget, the GDR international hotels are an attractive alternative to the neighborhood pub at home. Overcrowded cafes, restaurants, and bars? What can GDR bar and restaurant owners do? They can raise prices or give preferential treatment to the guests from the other side for a small tip in FRG marks. In both cases, the GDR citizen loses out. The situation is similar in other areas....

We do not want to forget the other side. Some consumer technology in particular is significantly cheaper and qualitatively better in the FRG, and some models and latest developments are not even available here. Still, not one reader questioned the large difference in car radios (DM25 West, 1,000 marks East) that I mentioned, even though car radios are also offered at much higher prices in FRG catalogues, and cheaper models can also be bought in the GDR, provided they are in stock.

What about differences in income? Wages, salaries, and pensions are about three times as high in the FRG as they are here. Helmut Ihle, Werner Koehler, and R. Kolender write that this means a further disadvantage for GDR citizens at a rate of 1:3. This is correct: The FRG citizen enjoys multiple advantages—higher income, lower prices for "semi-luxuries," a larger and qualitatively better supply. And now, the more favorable exchange rate too. Couldn't at least the latter be more attractive for the GDR citizen? I understand desires such as this, and from the individual's point of view I even think they are justified. But can the exchange rate compensate for differences in income? Or is that too much to ask?

Satisfied With One-Ninth of One's Wages in FRG Marks?

First, it might be possible to look at the purchasing power of income, instead of that of money. What consequences would that have for the exchange rate?

A resident of Cologne, with a given amount of FRG marks, can buy three times as much as a resident of Leipzig gets in the GDR with the same amount of GDR marks (the FRG price level is three times lower than in the GDR). On top of everything else, however, the Cologne resident also earns three times as much as his counterpart in Leipzig. What does this mean? The Cologne resident needs three times the money of the Leipzig resident three times over in order to get as many goods in the GDR as he gets with his earnings in his own country. From the point of view of the GDR citizen, the purchasing price parity of income would be even more unfavorable than that of the monetary unit: DM1 would correspond to 9 GDR marks. Viewed the other way around: With his earnings, the GDR citizen can obtain only one-ninth of the goods that the FRG citizen can buy with his earnings. I am certain that none of the readers

who point out the differences in income between the FRG and the GDR would like to see it taken into account in this way in determining the exchange rate.

How then? Perhaps by making income in the East equal to income in the West? Thus, to stick with the average monthly income, DM3,000 = 1,000 GDR marks?

The resulting rate would be much more favorable for us: 1 GDR mark = DM3.

But every swap is at least a two-way street. At this rate, the FRG citizen is scarcely inclined to agree to the swap.

Currency Union Conceivable Without Jump in Performance?

The real differences in income between the two German states simply reflect the differences in economic performance. The exchange rate cannot do away with these differences. Thus, it is also incapable of stopping the wave of emigration. There is no way around it: The economy must become stronger and sounder in order for the money to also become "harder." Indeed, economic reform includes measures to change the price structure and method of pricing, as well as wage, salary, and pension reforms, which in turn constitute a precondition for more favorable exchange rates.

If the economy experiences an upswing, things could improve quickly. A traveler will not get far on DM200. The amount of money exchanged can also be increased as the amount of foreign currency taken in rises. There are clearly chances of this happening in the medium and long term. Still, every day more than 2,000 people continue to leave the republic for good. Even Western politicians are now considering providing every GDR citizen with DM1,000 a year for 10 years, within the framework of a burden-sharing plan amounting to DM15 billion a year (the GDR paid 98 percent of the postwar reparations). Condition: They must remain in their country and participate in the economic reconstruction. This type of solution would not be without its benefits for the FRG as well. The influx of GDR citizens could be halted. But the money would come back in the form of demand for goods.

'Opening Balance' of New Economic Era Stated

90EG0187A East Berlin IPW BERICHTE in German
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[Article by Prof. Dr. Ernst Luedemann, department head at the Institute for Politics and Economics: "On the GDR's Economic Situation at the Beginning of Renewal"]

[Text] For the democratic renewal of the GDR, in addition to many other changes in our state, it is an indispensable prerequisite to establish a kind of "economic opening balance." The people of the GDR must know the state of the country's economy. Up to now (end of December 1989), the government has made neither a

comprehensive, concrete statement on this, nor has the State Central Administration for Statistics considered it necessary to tell the citizens the "simple truth."

But also with regard to economic data and facts, the truth about the consequences of a failed economic policy must be brought to light, and without any further delay. Any tactical aspects (for instance, with a view to the upcoming elections) must not play a role in this. The well-being of our country must come first. Furthermore, the condition of our economy—and thus ultimately the economic situation for each one of us—cannot be changed and especially not improved by concealment.

In order to understand what is at stake, it is necessary to become acquainted with some of the uncomfortable facts which are the total opposite of the "success propaganda" of past years; and not in a piecemeal fashion, but in their context in order to make clear their full extent and their effects and ensuing consequences for our lives in the coming years.

The overall economic data and numerical proportions listed in the following are based exclusively on heretofore published data. So it could well become even worse when comprehensive and unlimited information becomes available.

1. The national income available for the development of our republic has grown considerably more slowly in the past years than was stated in the plan fulfillment reports. On the average, during the period 1980-88, the produced GDR national income may have grown by 4.2 percent as shown by official statistics (one must "believe" this figure until it is either officially confirmed or corrected), but the national income available on the domestic market—which must be divided between accumulation and consumption—increased at a considerably slower pace, namely by only 2.2 percent per annual average. Our "dynamic growth" hence was much more modest than claimed for years, and there was considerably less available for distribution than the citizens could assume on the basis of releases.

How great is the difference between the produced national income and that used within the country? Since the State Central Administration for Statistics does not give information on the absolute amount of the national income used domestically, but only publishes index figures, it is assumed here that the national income produced in 1970 was the same as the national income used domestically. This assumption appears permissible because that year occurred at a time when GDR obligations vis-a-vis foreign countries (due to loan transactions as well as other obligations which could have led to subtractions from the produced national income) as yet were of little importance.

On the basis of these premises, the following assumptions can be made with regard to the size of the difference between the produced national income and that used domestically (data on 1985 price base): In the 1970's (sum of calendar years 1970-79), this difference

of about M 27 billion was still relatively low (1.8 percent of the national income produced during those years). But in the years 1980-88, it amounted to no less than M 325 billion (15.7 percent of produced national income). That means: In the 1980's, only incompletely compiled in statistics, a considerable part of the produced national income was not available for domestic use.

2. To formulate it very pointedly, this part of the produced national income is the amount that had to be used as subsidy in order to procure sales for our goods on external markets, since in the most part we are not able to compete. Because that is the essence of the information that, in order to earn DM 1 million through exports, on the average we need at present export goods of a domestic price (industrial prices) of M 4.4 million (NEUES DEUTSCHLAND, Berlin, 17 November 1989). In 1980, there had been "export subsidizing" through additional parts of the national income at a ratio of only 1:2.4. Among the export items which we have to sell under particularly unfavorable conditions (and last but not least because our trading partners know our situation very well, i.e., how urgently we need even the smallest amount of convertible currency), there are large quantities of products which would also sell very well in our stores for GDR marks: outerwear, shirts, underwear, upholstered furniture (which in part are produced in special export enterprises, that is, under favorable conditions which are above average for our country with regard to organization of the production process, newness of machinery, material supply, etc.; how low then would we have to rate the competitiveness of products from other enterprises?), but also strawberries, cherries, asparagus and many other good things.

Since in this case, also, no proof can be given on the basis of official statistics, a few rough computations must again help out. In 1980, the GDR exported goods in the amount of 17.4 billion valuta marks to countries of nonsocialist monetary areas. At a ratio of 2.4 : 1 between mark and valuta mark, this amounted to about M 41.8 billion (21.6 percent of the produced national income). In 1988, the GDR's nonsocialist exports amounted to 27.5 valuta marks, which corresponded to about M 121.0 billion at a ratio of 4.4:1 (45 percent of the national income).

We must point out a small reservation on the validity of these computations: Data on the development of foreign trade are reported in the official GDR statistics in effective (current) prices, while data for the produced national income are listed on the basis of 1985 prices (i.e., in comparable prices). But taking into consideration the change in prices would not have a fundamentally different result: In order to sell goods on nonsocialist markets, we had to, and still have to, contribute a growing share of our produced national income, much too large a share, which then is not available for use in our country.

3. Despite this situation, in order to preserve "internal peace," the domestic utilization of the national income

was permitted to shift more and more at the expense of accumulation. The share of the latter dropped from 29.0 percent in 1970 to 21.2 percent in 1982 (1988: 21.5 percent), while the share of consumption rose continually, because ever more social concessions were made which were not covered by an actual economic performance increase.

The extent of the disproportion between accumulation and consumption can be shown by the following comparison on the basis of data on the use of the national income at comparable prices: In 1988, accumulation was two percent lower than in 1980. (How during that time, in the GDR economy, an increase in capital assets by almost 40 percent could occur is surely one of the many "miracles" of our economic development!). Consumption, however, grew by 27 percent between 1980 and 1988.

4. The disproportion between the development of accumulation and consumption alone proves that over a period of many years, measured against our productive capacity and the level of our productivity, we have lived beyond our means. What made it worse in the 1980's is the fact that the subsidy policy, initiated in the 1970's and time and again praised as an achievement, was stubbornly adhered to. The share of expenditures for price support rose from 10.5 to 18.5 percent of total budget expenditures between 1980 and 1988. That could not remain without consequences for the expenditure development in other areas, and the result was that for years, our budget could not be financed properly. Expenditures to a growing extent were covered by loans (i.e., internal indebtedness), the amount of which was put at M 65 billion by the former finance minister before the People's Chamber in November 1989. (Seen in retrospect, the published and apparently comprehensive and truthful information on the annual budget accounting contained considerable gaps, which can only be explained by the endeavor to conceal our state's true financial situation.)

5. Finally, the GDR's economic situation became even tighter because our foreign debts, all of them in convertible currencies, have also grown meanwhile. After a long silence, in recent days a few data were released on the subject (approximately \$20 billion total obligations, our own credit balance about \$10 billion, hence net debts approximately \$10 billion), but which are totally inadequate in order to get a clear picture: What is the term of maturity of our obligations, how high are the interest rates, how much total debt service is due in the coming years (it is said that in 1990 and 1991 together, we must come up with \$5 billion for the repayment of loans and for interest due)? What credit balances are available in the short term, and for which ones can we not count on receiving payment in the near future (and maybe never)? These are data which must also be revealed by those responsible. Also, an accounting should have been given long ago of those foreign currency sums which (passing up the State Bank and the budget?) have been received and spent for "various purposes." If I am not altogether

mistaken, it must have concerned amounts in the billions in the course of the years.

This is a summary description of the condition of the GDR economy on the basis of only a few published data on the overall economy. It makes clear—independent of how soon the public will be informed more precisely—that the GDR, in order to carry out its obligations punctually as heretofore, in the coming years must earn huge surpluses from trade with nonsocialist countries. Since no rapid increase in our competitiveness is to be expected, and since further borrowing from Western countries (with the corresponding repayment and debt servicing obligations in later years) does not appear to be the exact road to recovery of the GDR economy, the use of a large share of the produced national income is necessary to achieve a certain amount of foreign currency revenue.

But at the same time, elimination of the disproportions between accumulation and consumption must be initiated. If we want to modernize our economy rapidly, accumulation over many years must grow faster than consumption (individual as well as societal!).

And in this situation—"on top of it all," as this phrase expresses it fallaciously in view of our situation—the discussion about cutting back subsidies has now begun. Often the impression is created that the reduction of subsidies can be balanced by a corresponding increase in income (wages, salaries, pensions, children's allowances), whereby almost everyone understandably expects full compensation. In view of our economic situation it is irresponsible to let such an impression come about, because it glosses over the situation and, respectively, conceals reality from the citizens. Incidentally, it is not only a matter of changing consumer prices, but of an overall price reform, which is one of the most important conditions (if not the most important one at that) so that an economic reform can be at all successful. But let us stay with the subject of subsidies:

Whatever decisions our government will have to make, they will have to be based on hard fact. The new beginning presupposes truthfulness and honesty. Hence it is necessary from the beginning not to foster any illusions that full compensation is possible for necessary price increases for goods or services heretofore subsidized through higher incomes on the one hand, and/or price reductions for goods hitherto taxed with a high consumption levy, on the other. No matter how we twist it and turn it: For the sake of rapid stabilization of the GDR, material sacrifices will have to be made because, unfortunately, for the near future we cannot assume a substantial increase in our national income that will be available for domestic use.

How can this necessary redistribution of the national income be carried out? For innumerable workers who have contributed their best to our republic year after year, it is surely bitter to realize what situation we are in now, and not a few of them will be unwilling to accept

that the necessary corrections will also be at their expense. Nonetheless the realization must penetrate that the inheritance of the former SED [Socialist Unity Party of Germany] leaders can only jointly be overcome. To state it once more very clearly: If the socialist economy of the GDR in the past decades could have developed without the incurred disproportions and deformations, without arbitrary intervention and spasmodic decisions, without abuse of power and corruption, no one today would have to contemplate how large the distance is between us and our neighbor, the FRG, with regard to productivity, standard of living, etc.

In view of the depressing facts it is not enough, however, to explain what has happened; it is necessary to gain an idea of how to get out of our difficulties. To state it up front right away: No miracles can be expected from foreign capital (wherever it may come from). Certainly, it can initiate certain processes aiming at modernization of our economic potential and better utilization of its inherent possibilities. Joint venture is one of many tools to achieve this, but it is no "open Sesame!" presenting us with technologies and production experiences from all over the world in one fell swoop. Most of it we will have to do ourselves, even if it is difficult!

To state it plainly: It can't be done without deep cuts. It is evident that social hardships must be avoided. Even under complicated circumstances, no one in our state must suffer actual material hardship. This holds true in particular for older citizens, for whom a deterioration in living conditions must not be allowed, but with one reservation: If pensions of single persons or married couples, respectively, surpass average monthly earned income of workers and employees, then they should be put on an equal footing with other citizens with regard to price/income corrections. These corrections also must not be implemented solely at the expense of those with relatively higher earnings. It would not only be an insufficient amount to financially secure corrections in the price structure under the precondition of a corresponding income compensation. It would also continue the dubious development of past years in the direction of an increased leveling off of income development—more precisely: the increasing violation of the principle of pay according to performance instead of its purposeful application—instead of also correcting it gradually.

In my opinion, the necessary gradual reduction of subsidies under the conditions prevailing in our country's economic situation can only be compensated for in part—let's say: by half. The concrete decisions will have to be made by the parliament and the government, but if possible focal points of corrections were to be listed, I would answer: Reduction of subsidies should be initiated where the consumption of goods and services can be influenced to a large extent by the individual citizen himself, that is, highly subsidized foodstuffs (since we are among the countries with the highest food consumption, a certain lowering of this consumption would be quite appropriate, for various reasons), as well as in

energy prices (could we not lower individual consumption somewhat?), and for transport services. On the "opposite side" it should be tried within the framework of what is possible to lower prices for clothing, shoes and hosiery. Compensation through raising incomes should be limited to the above-mentioned group [pensioners] and to actual "hardship cases" to be decided in the individual case. The issue of rent corrections should initially be discussed publicly on the basis of variants before the parliament decides on changes in the legal basis. Fees for services in favor of families with children (child care centers, kindergarten) should be made dependent on the respective family income, more so than up to now, and single mothers (truly single mothers!) should be supported.

Based on a short description of our republic's economic situation, these are some reflections on how one of the "neuralgic points" of our present situation could be approached. Certainly, there are even more important problems, such as increasing competitiveness and the ways and means to do so, but subsidies affect every citizen directly. And for this reason, necessary corrections should be thoroughly contemplated and discussed. In this case, the phrase "measure seven times," used so frequently in past years, is truly applicable. The way in which we deal with the issue of subsidies will also not be without influence on the attitude of many citizens toward other questions of the renewal of our country.

Environmental Problems of Uranium Mining Company Cited

90EG0176A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 16 Feb 90 p 19

[Article by Klaus Kemper: "Concerns and Problems in Uranium Mining in the GDR—Not Only Environmental Sins Were Being Secret for Years"]

[Text] The two large boards in the entrance hall of the Drosen Mining Enterprise, which show the extraction performance of the individual miner brigades and the actual status of plan fulfillment are pretty much the last visible symbols of the socialist planned economy. The times have also fundamentally changed for the Wismut Soviet-German Joint Stock Company (SDAG), which is arguably the largest uranium producer in Europe still operating six mines east of Gera and in the Erzgebirge mountain range. Only a few months ago, everything which occurred in these enterprises was subject to the strictest secrecy. Today, the company itself is seeking discourse in public. It is prepared to discuss the fears of people living in adjacent locations with regard to environmental damage and the concerns of its mining personnel regarding their jobs.

However, Horst Bellmann, general director of SDAG Wismut and his chief operations officer at Drosen, Roland Stelzig, do not find it easy to allay the fears, even though the publicly summoned physicians provide credible assurances that there are no definitive indications of

the accumulation of any health damage in the vicinity of the mining enterprises. There are, for one, the huge mounds of overburden, which are exposed to the wind without any hindrance, as well as the spoil from the processing plant which is simply dumped in a former strip mine. Gray slate dust covers the houses and the entire vicinity. This situation will only be mitigated in the long run somewhat by the growing efforts on the part of the enterprise to recultivate the area—in the next five years, the SDAG intends to spend 300 million marks in this regard. In the past, the interests of the people and their environment were subordinated to those of the enterprise far too rigorously. And, in the final analysis, there is a deep mistrust following years of prescribed secrecy.

Moreover, the enterprise sees itself now confronted by the necessity to master a deep-reaching structural change. At least two of the total of six mining enterprises must be deactivated over the coming years. The remaining enterprises require substantial rationalization measures; as Bellmann soberly states, in the future, the SDAG Wismut must make its accounts viable on a dollar basis and yet remain competitive. If, for this reason, he speaks today of the fact that of the total of 39,000 employees of the enterprise, some 10,000 will be impacted, then this is more the lower limit rather than the upper limit. So no one can be surprised that the miners themselves are asking about their future at Drosen, the youngest and richest of the six extraction enterprises in terms of ore.

The SDAG Wismut, which was established by the Soviet occupation forces in 1946 and converted into a Soviet-German joint venture in 1954, has increased its uranium ore extraction to more than three million tons per year over the course of the decades. Although the uranium ore mined here, with its uranium content of 0.007 percent, is relatively lean (higher concentrations are only being obtained in part in the Erzgebirge mountain range), it does cover a substantial share of the Soviet requirements. The Soviet Union, which has retained for itself the production of fuel rods which the GDR also requires for its nuclear power plants, has thus been the sole, but also a certain customer for the uranium ore which is processed in a local processing plant to enrich the ore to a uranium content of 60 to 65 percent. This could change, specifically at a time in which the need for uranium throughout the world is likely to decline as a result of disarmament efforts and the hesitant development of nuclear energy. Moreover, the miners in the GDR still do not know whether, after the year 2005, there will be sufficiently worthwhile reserves of ore available.

So, Bellmann and his team are currently working on a concept which is supposed to secure supplemental support for the enterprise in machine construction. The compulsion, thus far, to be completely autarkic in nature for reasons of secrecy could prove to be a supplemental advantage. There is considerable machine-building capacity. Given the proper activation, it will be possible,

for example, not only to produce mining machinery for the market, but desulfurization and other environmental facilities as well. The experience of the enterprise's own geologists could be utilized in international consulting transactions. And, finally, Bellmann is also contemplating becoming active as a mining establishment outside of the uranium mining field and outside of the GDR. "We have already worked in many countries of the world geologically in the past," says the director general, "why should we not some day begin to extract some of the stuff we found there ourselves?" For this purpose, however, Bellmann would require foreign capital just as much as he would if the SDAG Wismut were to embark upon extracting hitherto untouched zinc and copper deposits in the GDR. Thus, much will depend on whether the Soviet partner in the enterprise is prepared to reduce its capital share from the present 50 percent to perhaps one-third (see FRANKFURTER ALLGEMEINE 12 February) in order to, thus, be able to win a supplemental partner from the West as a share owner with strong capital capabilities.

[Box, p 19]

The SDAG Wismut Soviet-German Joint Stock Company, which is active in uranium extraction, does not exclude the possibility of participation by Western investors to safeguard its future. Dividing the securities package three ways is considered to be absolutely doable by Wismut, according to director general Horst Bellmann, who is currently speaking with the ADN news agency at Gera. For Western investors, the good relationships which the joint stock company has with the Soviet market and with the overall East European market "could be a highly interesting matter." Thus far, the securities have always been divided in half between the Soviet Union and the GDR. By expanding the circle of shareholders, Bellmann, according to ADN [German General News Service], hopes that there is a good chance to expand under conditions of a market economy and to produce profitably.

The Government of the GDR has given the Nageman, Narva, and Orsta-Hydraulik machine-building combines "a free hand for the market economy." As now reported by NEUES DEUTSCHLAND, the former SED [Socialist Unity Party of Germany] party organ, the combines were now operating as independent entities which were "financing themselves."

The Association of Entrepreneurs in the GDR, which was established in the middle of January, is reported by its acting president, Rudolf Stadermann, to already have a membership of 20,000.

Technological Innovation Promotes Joint Venture

90EG0155A Duesseldorf HANDELSBLATT in German
29 Jan 90 p 3

[Text] As is the case in other member countries of CEMA, the GDR is faced with the task of examining the structure of its domestic industry. Karl Doering,

appointed last weekend as spokesman for the initiative circle GDR Enterprise Forum and director general of the strip steel combine Hermann Matern in Eisenhuettentadt, explained this in an interview with HANDELSBLATT.

The enterprise has played an outstanding role for years in inner-German trade. The combine, which has 18,000 workers, comprises the main factory, built on the Gruene Wiese in early 1952-53, two cold rolling mills in Oranienburg and Bad Salzungen, two sheet rolling mills in Burg and Olbernhau, a rolling mill in Finow and a magnesite works in Aken. Doering estimates the enterprise's earnings at M 12 billion. In 1989 exports to the West reached DM600 million, while 200,000 tons of sheet and strip steel were exported to socialist countries. Doering is not able to quote any numbers in marks and pfennigs, because—until now—it has been an exchange of goods based on the transfer ruble.

As in all CEMA countries that are starting along the road to economic reform, the GDR, according to Doering, is faced with the question of not only transforming the system completely, but also examining the structure of industry. If it is clear in Poland and in Czechoslovakia as well that heavy industry, meaning primarily the steel industry, which had to be built up after the war on orders from Stalin (each country was permitted its steel production), is oversize and must be cut back over the longer term, the question in the GDR appears to be slightly different.

To answer this question Doering goes back into history. Following the partition of Germany, three percent of the iron-producing industry, but 13 percent of the metal processing industry remained in the territory of the GDR. So the problem arose: cooperation with the FRG—an idea that was dismissed as an illusion in the early 1950's—or entering into total dependency on the Soviet Union. This was not desirable either, and the decision was made to create a domestic steel industry.

Doering considers it completely feasible that there will be a "certain reduction," mainly in the production of sectional steel. To compensate, he says it will be necessary to specialize more, with a view to future competitiveness.

This is the path that the Eisenhuettentadt combine is following. Doering is referring to the investment in a strip casting and rolling plant, which, as he says, the enterprise long ago decided to install. The decision about technology has not been made however. Two technologies are available: one has been developed by the West German company Schliemann-Siemag, and one is from the Austrian company Voest, which Doering describes as a "parallel method." The crucial technical difference for him is in the casting format: between 70mm and 80mm using Voest's technology, between 40mm and 50mm using the Schliemann-Siemag method.

The American Nucor Company (Crawfordsville) is already producing steel based on the process developed

in the FRG, and, at least recently, it was found that the surface quality for high-quality cold-rolled sheet metal, of the kind used in the automobile industry, is inadequate. In this context Doering hints at the role he would like to achieve as an automobile supplier in a cooperative venture between the FRG and the GDR. But he also makes it clear that he does not mean to "discredit the Schloeman process in any way." He had just been reassured recently that the previous shortcomings had been brought under control. This means that material is being supplied from the United States and processed at the end point in Eisenhuettentadt.

An identical agreement was reached with the Austrian company Voest. Voest has not built a separate production or pilot plant for this new process. Instead, an existing slab ingot plant was gradually converted. Again pointing out that he has no intention of discrediting anyone, Doering says that everyone is at the beginning of an extraordinarily interesting new technology in metallurgy, and all those involved have to trust each other.

For his combine, he believes the investment in a strip-casting-rolling plant, which will cost between M 1 billion and M 1.5 billion, depending on how much infrastructure (for example, switches for railroad sidings) is provided, is absolutely necessary. He estimates the delivered cost of the core plant at DM 700,000. The bid tendered however was for a complete installation. Doering also emphasizes that the competing bids are almost identical in terms of money.

But a final decision will have to be reached soon, because Doering feels he is capable of entering into joint venture offers only against the background of an expansion of this kind, which uses the most modern technology; and a number of powerful potential partners, as he puts it, are already standing at Eisenhuettentadt's doors. One thing Doering is certain of, whatever the technology used, a strip-casting-rolling plant will be in operation in the second half of 1993.

For a number of years his combine has been the contractor for rolled steel with the West German companies of Salzgitter and Hoesch, and with Thyssen since 1989. Annually, 650,000 tons of steel are rolled for wages, and that means an annual expenditure of about 1.6 billion clearing units in inner-German trade. Added to this are internal factory costs, incurred as a result of storing, loading and transporting the cast slabs and then a similar expenditure of time and money when the rolled material returns.

From the perspective of the economy of the country and the factory, Doering thinks this major investment in the new plant is absolutely necessary. The more so because, according to the guidelines of economic reform, there will not be any state money available, and he will have to earn his money himself. Doering is one the directors general of the GDR who are fully support the ideas of a socialist market economy and, as a result, the equal rights of all forms of property. At the same time, he

wants to ensure an appropriate place in the market economy for the combines, if they are productive.

For Eisenhuettendorf he says: "We are now exporting extensively, we have prices appropriate to the market and in our areas we are competitive. In the GDR itself we have 2,000 customers with whom we enjoy an excellent reputation. We are not accepting the role of the underproductive supplier. Of course, Eisenhuettendorf needs to undergo the processes of renovation and completion. The cold-rolling line started operation in 1968, there have been improvements and expansions since then, but that must continue. With a plan like this, we feel we are able to be quite competitive in the marketplace." The most important step for him in joining the market economy soon is regularizing prices, so that the profitability of a factory will be seen more clearly.

1989 Grain Production Compared With Previous Years

90EG0169A East Berlin FELDWIRTSCHAFT in German Jan 90 pp 5-7

[Article by Prof. Dr. G. Kratzsch, Institute for Cereal Grain Research Bernburg-Hadmersleben of the GDR Academy of Agricultural Sciences: "On Some of the Results of the 1989 Grain Production and Conclusions Drawn"]

[Text] Crop development and grain yields showed a great site- and species-dependent differentiation in 1989. The summarized information regarding some questions of the 1989 grain production presented here shall therefore be considered an encouragement for in-depth analyses and concrete deductions in the individual LPG's [Agricultural Producer Cooperative].

For summer and winter grain, the 1988/89 vegetation year was characterized by growth- and development-promoting conditions until the beginning of May. At that time the majority of standing crops had high yield potential. There were also some too-strongly developed crops—due to excessive sowing strength—while at the same time the first and second N-doses [nitrogen] were too high. Because of the subsequent very dry and warm weather, which started and persisted in large areas of the GDR, the yield prospects, particularly in the case of winter wheat, some winter rye, and summer grains were substantially reduced.

One important requirement for high grain production is the arable area. In spite of the premature whole-plant harvesting of crops heavily damaged by the drought (particularly rye), it was possible in 1989 to terminate the trend of acreage reduction existing in recent years (Table 1).

For the necessary increase of the grain production, a harvest acreage of at least 2.5 million hectare should again be the goal. This must be a matter of importance for any crop farming operation, with the grain acreage of 1986, though with a somewhat modified type structure,

serving as reference size. Very large problems are resulting from the continued decrease of summer barley acreage, more specifically brewing barley. Even in years with favorable weather the presently available cultivated acreage does not provide sufficient certainty for the required brewing barley supply, let alone in unfavorable years like 1989 (Table 2). It is necessary once again to expand the brewing barley cultivation to a greater degree on the suitable weathering sites. There the certainty of TGL [Technical Business Leadership]-complying production is greatest. This development must be supported through corresponding evaluation and stimulation. On the other hand, it seems necessary to intensify the breeding and continue the cultivation study, including utilization study, of double-row winter brewing barley.

With 10.8 million tons, the planned gross production of 11.6 million tons was not achieved in 1989. The yields of individual grain types (Table 2) can be characterized by outstanding results for winter barley, major yield losses for winter wheat, to a somewhat lesser degree for summer grain. With regard to the yield development process it is observed that the number of heads/square meter took shape as the first yield component developed in the optimally high range because of weather conditions and measures of standing-crop management in the case of winter grain types (Table 3). The excellent yields for winter barley are now the result of the combination of this optimally high number of heads/square meter with high single-head yields.

As a result of a long time span for passing through the sprouting phase and supported by a controlled second and third N-dose as well as the use of growth regulators, a very high kernel number per head was realized. Because of the earlier development rhythm of winter barley it was possible to exploit even more the existing water available in the soil, and the TKM [absolute mass] reached average values. In addition to low harvest losses, this was the basis for the high yields (see also article by Waloszczyk in the same issue).

Average to optimum number of heads/square meter were also developed for winter wheat; however, the single-head yield remained extremely low because of a lack in the number of kernels and low TKM (Table 4). The unusually high drought stress must be given as the primary cause, which in many places existed already prior to and at the time when heads appeared. This resulted in pollination disturbances, blossom reduction in the heads, secondary shoots did not form in part or remained empty. Later varieties and intensively controlled crops were especially affected by this. Irrigation tests in Bernburg resulted in additional yields of 10-20 dt/ha

A second complex of causes—which, however, can no longer be conclusively proven and separated from the first-mentioned—for the extremely low single-head yields for wheat must be attributed to the increased occurrence of viral yellow stunting. The so-called barley-yellow virus is transmitted by aphids as vectors. Wheat is

generally not damaged at all or only negligibly so since a fall infection does not occur because it is sowed comparatively later than winter barley; according to experience in climatically comparable countries, spring infections have not had a significant effect on the yield to date. However, the extremely mild winter and very warm and dry spring weather contributed to a strong and early incidence (beginning May) as well as the augmentation of already infected aphids. One may assume that this infection in conjunction with the stress conditions resulting from high temperatures and from drought stress occurring at least temporarily in the southern regions as well caused stunted grain formation or empty heads in a sometimes considerable fraction of heads. Infestation symptoms are, among others, red-violet colored leaves, later, shortly before maturity, empty heads or those with stunted kernels stand out among the crop because they are so light in weight and are infested with blackening fungus as secondary effect. Infestation must be serologically detected and is not possible unless plants are still green. This serologic evidence has been performed in but a relatively few cases, therefore the determination of cause is still controversial.

This extensive damage to wheat caused by stunting virus is also discussed in international literature this year; it is being described as existing yet not as foreseeable. The probability of recurrence is assumed to be very slight since a coincidence of all the conditions promoting infestation and damage effect is likely to be an exception. Nevertheless, we drew our conclusions for, among others, the monitoring of the occurrence of aphids in order to be able to control the vectors, if necessary.

On the Organization of the Production Process

The sowing time is the only agrotechnical measure with which the duration can be affected of the cycle of significant grain phases for yield development. An optimally early seeding prolongs the time for planting and sprouting and benefits the formation of number of heads/m² and number of kernels/head. This is reflected in higher yields, and this was borne out in 1989 in experiments with 5-10 dt/ha. From this point of view, the schedule adhered to for sowing winter cereals can also not be considered satisfactory in production year 1988-89 (Table 5), although in the fall of 1988 favorable conditions prevailed with regard to weather and the progress of harvest work. The general observation is that in the past years success has not been achieved in making certain that sowing took place on schedule in conjunction with the expansion of the winter grains (Table 1). This area requires principal considerations and measures for modification. As evidenced by the example of the Bernburger test results (Table 6), the time of sowing has a greater effect on yield than the third N-dose, the CCC [chlorocholinechloride] and fungicide application all taken together. Certainly, this example cannot be generalized for all other locations. However, one is compelled to conclude that measures to create the conditions for improved schedule adherence and quality of seeds be given priority attention. Optimally early sowing not only

makes possible a better exploitation of the yield potential but also promotes a more effective utilization of the fertilizers and pesticides applied and thus an ecologically-minded production control.

Where fertilization and pest control are concerned, the GDR achieved another quantitative development in 1989 (Table 7). The divided volume of the N-dose permits a supply well adapted to the plant requirement and can be assessed in an ecologically more beneficial manner than excessive undivided N-fertilization. Also in the application of stem stabilizers a level was achieved in 1989 that corresponded to the requirements. The use of fungicides was slightly expanded by improving the availability of the substances and has helped to secure the yield. While the application to control foot rot has already reached a relatively favorable level, years with greater rainfalls will surely further increase the need for treatment against leaf and head disease.

Overall and in the future the requirements for fertilization and plant protection measures will be more on the qualitative than the quantitative side. These are the specific requirements:

- All measures must be executed even more consistently on the basis of exact crop appraisal and damage-producer monitoring and routine measures further reduced. The utilization of existing and the development of more effective methods and procedures of crop assessment are necessary.
- Reduction of lost effectiveness due to insufficient schedule adherence resulting from the lack of impetus but also resulting from not being consistent in the implementation of the WTF [expansion unknown] and in performance evaluation.
- Adequate fertilization and plant protection technology must be made available, which permits exact dosing of quantities and uniform distribution; demands for improved quality in agricultural chemicals, particularly fertilizers, are of equal validity.
- Exploitation of any appropriate possible combinations of fertilization and pesticides after reliable testing. In this context, the application strategies for reduced or divided quantities of pesticides should also be mentioned.

Summary

In 1989, 10.8 million tons of cereal grains were harvested in the GDR on a grain acreage of 2.459 million hectares with a yield of 43.8 dt/ha. Very high winter barley yields and extremely low winter wheat yields are predominant. In addition to related causes, the production process is analyzed and conclusions are drawn, particularly with regard to sowing schedules and to fertilization and plant protection measures.

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- 1) Report—Analysis of the Production of Grains 1989; Author Collective From Various Institutions Under the Responsibility of the Institute of Cereal Grain Research Bernburg-Hadmersleben.

Table 1:
Development of Grain Acreage (in Thousands of Hectares [Tha]) According to Types in the GDR

	Average for 1981-85	1986	1987	1988	1989 ²⁾
Grain total	2,515	2,514	2,462	2,409	2,459
Winter wheat	667	733	736	750	763
Winter barley	515	544	551	550	589
Winter rye ¹⁾	673	670	644	602	617
Winter grain— hectares	1,855	1,947	1,933	1,907	1,979
rel. [as published]	74	77	78	79	80
Summer barley	401	351	340	324	308
Oats	178	163	149	148	143

1) including Triticale (1988 ca. 5.1; 1989 ca. 10.7 Tha)

2) preliminary data

Table 2:
Development of Grain Production in the GDR

	Yields decitons/ hectare [dt/ha]		Gross Product/million tons		Food Grain Purchase/million tons		
	1986-88	1989 ¹⁾	1986-88	1989 ¹⁾	1986-88	1989 ¹⁾	rel. ²⁾
Winter wheat	53.0	45.0	3.9	3.4	1.3	1.3	100
Winter barley	48.6	59.5	2.7	3.5	—	—	—
Winter rye	33.4	33.4	2.1	2.1	0.9	1.0	109
Summer barley	42.2	38.5	1.4	1.2	0.6*	0.3	42
Oats	39.4	33.3	0.6	0.5	0.3**	0.25	65
Average Grain	44.3	43.8	10.9	10.8			

1) preliminary values 2) relative to plan 1989

* Brewing barley ** Total amount for selection as food oats

Table 3:
Number of Ears/m² for Grain in Practice—Results of Damage-Producer Monitoring*

Grain Type	1985	1986	1987	1988	1989
Winter barley	530	501	544	438	539
Winter wheat	516	548	561	475	523
Winter rye	438	453	459	349	404
Summer barley	620	672	714	543	581

* as per data from the Central Government Department for Plant Protection

Table 4:
Yield Structure Winter Wheat—Mean Cultivation Intensity (Location Bernburg)

Year	Yield dt/ha	Heads/m ²	Head Yield (total)
—Alcedo	Alcedo	—	—
1986	86.3	466	1.85
1987	85.0	542	1.59
1988	63.4	397	1.60
1989	48.6	536	0.92

Table 4:
Yield Structure Winter Wheat—Mean Cultivation Intensity (Location Bernburg) (Continued)

Year	Yield dt/ha	Heads/m ²	Head Yield (total)
	Palur	—	—
1986	89.7	438	2.03
1987	83.4	506	1.65
1988	69.3	379	1.83
1989	48.6	504	0.93

Table 5:
Winter Grain Acreage in the GDR Cultivated After the Optimum Sowing Season (in Tha)

Autumn	Winter Wheat	Winter Barley	Winter Rye	Winter Grain	rel.
Average 1980-84 [*]	150	92	191	433	22
1985 ^{**}	166	139	320	625	32
1986 ^{**}	169	184	338	691	35
1987 ^{**}	329	304	478	1,111	57
1988 ^{**}	206	108	339	653	33

^{*} without, ^{**} with consideration of territorially differing optimum sowing seasons

Table 6:
Effect of Cultivation and Chemical Treatment Measures For Wheat (Variety Mean) in Field Tests—Bernburg Average 1986-88

Measure	Effect on Grain Yield
N-Fertilization	
—0:120 kg/hectare N—2 doses	+16.5 dt/ha
—120:160 kg/hectare N—3 doses	+2.9 dt/ha
CCC-Application	+1.8 dt/ha
(Control without stronger deposit)	
Fungicide application (2 applications)	+3.3 dt/ha
Sowing time	
—within the optimum period (start: end)	-3.4 dt/ha
—belated (end optimum:late)	-5.5 dt/ha

Table 7a:
Volume of N [Nitrogen] dosed to Winter Grains in percent of Acreage

	1986	1987	1988	1989
2nd N-dose				
Winter rye	84	92	94	95
Winter barley	91	97	97	98
Winter wheat	91	94	96	96
3rd N-dose				
Winter rye	11	26	23	28
Winter barley	16	37	37	47
Winter wheat	37	55	60	66 [*]

^{*} 12 percent fourth dose

**Table 7b:
Use of Stem Stabilizers for Grains in the GDR***

Year	Total Thousands of hectares	Treated Area for Types			Summer Grains
		Winter Wheat	Winter Barley	Winter Rye	
1986	1,328	90	27	76	7
1987	1,526	95	39	86	10
1988	1,282	90	31	67	4
1989	1,680	95	62	88	4

* as per data from the Central Department for Plant Protection

**Table 7c:
Fungicide Application for Grains in the GDR***

Year	Grains/Tha	Total Rel.	Treatmt. Area (rel. to cult. area)			Summer Barley
			Winter Wheat	Winter Barley	Winter Rye	
1986	1,436	57	94	52	33	65
1987	2,117	85	134	89	57	72
1988	2,205	91	125	82	69	64
1989	2,325	94	133	104	93	35

* as under 7b

HUNGARY

Parliament Approves Mortgage Loan Tax, Rent Increase

*25000576 Budapest NEPSZABADSAG in Hungarian
21 Dec 89 pp 1, 4*

[Excerpt from reportage on parliamentary proceedings]

[Excerpt] [Passage omitted on preliminary debate on housing bill]

Representative Andras Nagyivanyi reported the viewpoint of the Committee on Construction and Transportation concerning housing management. He said that in previous years the trouble was that the object—in this case the apartment—and not the person in need received subsidies, and that the committee's recommendations intend to correct this situation.

Representative Kocsard Vida, who considers himself to be nonpartisan, supported the committee recommendations by saying that it is not difficult to predict the consequences if the National Assembly goes against the government on this issue. In his emotional remarks Vida explained that in his view the government does not intend to perpetrate extortion when it brings up the requirements established by the International Monetary Fund [IMF]. In regard to the housing issue he expressed the view that any other alternative proposal would mean that Budapest, "the blight that is spreading all across the country," would be the primary beneficiary. At this point, however, whistling, applause, and murmurs disrupted his statement.

Hungarian Socialist Party [MSZP] President Rezso Nyers, in his capacity as a representative commented by saying that his party supports the idea that "the possibility of governing this country continue." For this reason he also supports the agreement reached with the IMF. Despite this fact, however, he feels that the present proposal cannot be regarded as consistent and comprehensive housing reform, and it would place an excessive burden on the population. "It would have been beneficial," Nyers said, "if the Committee on Construction and Transportation could have presented a more favorable alternative than what it proposed," but if there is no alternative solution he suggests that the National Assembly adopt the committee recommendation, and if that is agreed to by the government, the Parliament should also support the government.

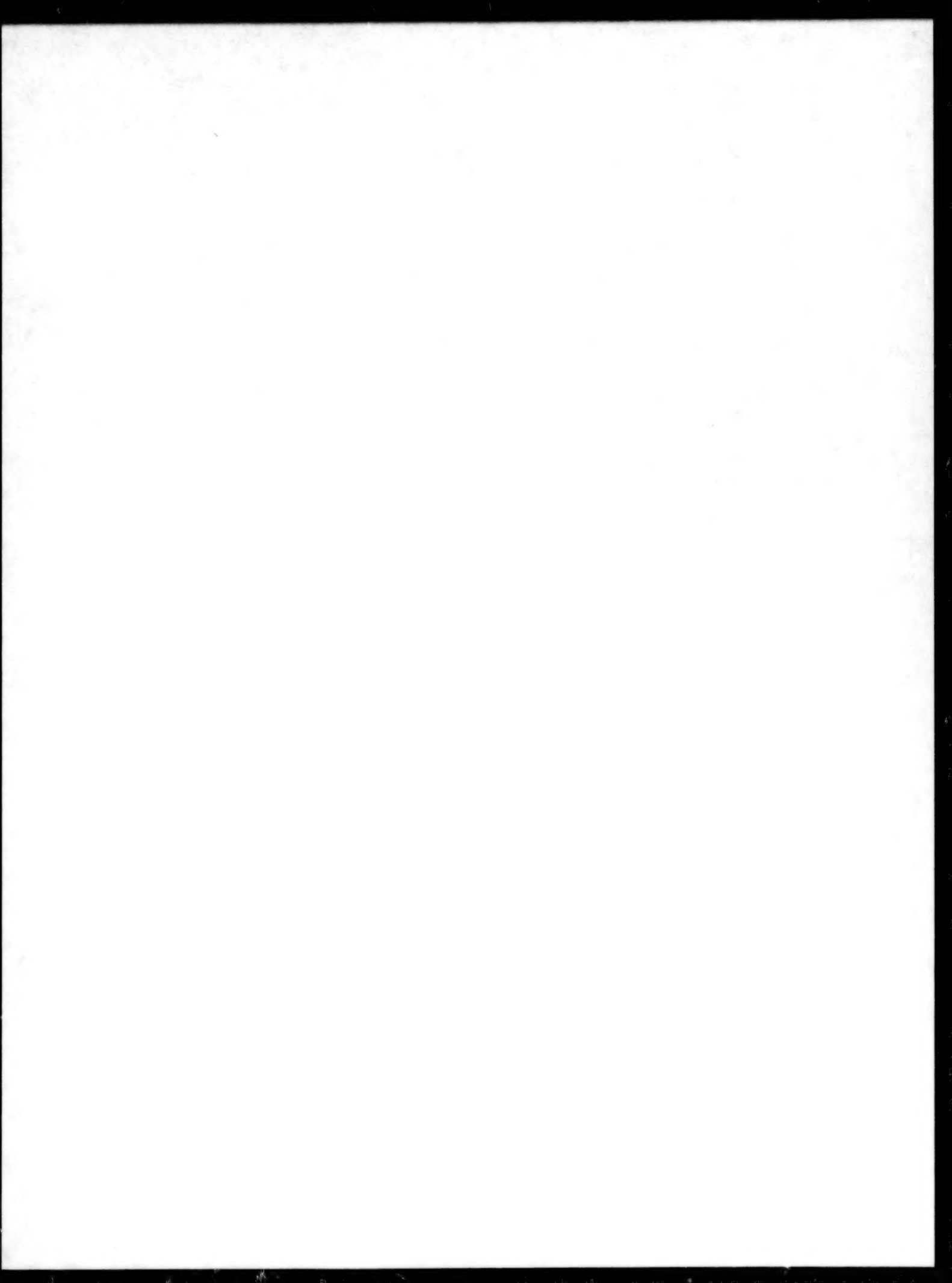
In closing the debate, National Planning Office chairman Erno Kemenes responded to the various statements. He contrasted citizen interests with national interests and assigned priority to the latter. He did so mainly because if everything remains unchanged with regard to the housing issue, the burden on the budget will not decrease, but instead will increase by between 6-8 billion forints, and Kemenes did not see a solution by which such amounts could be offset. The government, in due consideration of the arguments presented by representatives agrees with the committee position with the added provision that in the course of debating the budget the National Assembly cut the 4 billion forint reduction that was achieved by the new proposal as compared to the old one. This cut should be enforced in regard to other budgetary projections, such as cancelling international assistance programs, defense expenditures, the

budgetary reserve, and reducing subsidies provided to parties and social organizations.

In the course of reaching this decision, the National Assembly rejected a proposal by Representative Mrs. Jozsef Vass concerning a limitation of the group of persons subject to the tax. On the other hand, Parliament adopted the legislative proposal concerning the 1990 taxation of state housing loans, just as it did the resolution concerning housing management reform and related actions in 1990.

According to the measure approved, state loans taken out for housing purposes will be subject to the the

payment of taxes. Regarding loans taken out five or more years ago, the tax amounts to 50 percent of the monthly installment payments, while the tax rate is 100 percent in regard to loans taken out ten or more years ago. If a person received loans from several sources, the tax must be paid on the largest installment payment. [Families] whose per capita monthly income does not reach the level of the existential minimum (4,300 forints in 1990), or have three or more children, or are pensioners more than 70 years of age are exempt from paying this tax. Beginning 1 February, rental fees on apartments will increase by an average of 35 percent. [passage omitted]



END OF

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